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EXTENSION

Natural Resource Enterprises Wildlife and Recreation

A Checklist of Considerations for Landowners



Many private landowners are interested in how to begin a natural resource-based enterprise on their lands. This interest is in response to the general public's increased desire for natural resource-based products from private lands and/or access and use of private lands for recreation.

According to national surveys, the public is not only interested in obtaining access for products and recreational pursuits, but they are willing to pay for this access. As a result, many private landowners are evaluating their potential for providing such products or for offering such activities on their lands. However, landowners are struggling with some serious land-use management decisions.

This checklist and accompanying explanations should be helpful to landowners in making decisions before they initiate and make investments in such an enterprise. This checklist is not all-inclusive; however, it does discuss some serious issues that should be evaluated before starting any type of natural resource-based enterprise. A sample worksheet is also provided for landowners to use in evaluating individual and family goals and objectives for considering a new natural resource-based enterprise.

Consideration Checklist

The first consideration in planning for a natural resource-based enterprise is the development of a Natural Resource Inventory, including facilities that are pertinent to the enterprise. This information is essential in determining the best use of existing resources and facilities. It will be useful in determining the type of enterprise(s) your lands and waters are best suited for, and the various options that can be provided or offered.





- ▶ Do you have some idea of the populations of major wildlife species residing on your lands, and are your ponds and lakes stocked and managed for fishing?
- ▶ Do your long-term objectives for your property and its management include adding and sustaining this natural resource-based enterprise as an integral part of the operation?

Compatibility

- ▶ Does your current use of your land's natural resources for farming, forest management, or livestock grazing lend itself to being used for other purposes?
- ▶ If so, are such other uses compatible with recreational use by paying clients without conflicts or compromises to the integrity of your major income-producing operation? For example, if your major use of the property is an agricultural operation, can you tolerate a hunting operation during your planting or harvest season without having a conflict in time and resource management?
- ▶ Is your labor force (family or existing employees) sufficient to handle additional work, and will the new enterprise conflict with or complement normal down times in the work load? For example, will someone be available to guide or direct clients to hunting places or provide lodging and food for them, if needed, during the hunting season, or is that a busy time or vacation time for you, your family, and employees?

Liability Insurance

Insurance is a contract where an insurer (insurance company) undertakes to indemnify the insured (person or family owning the insurance) against loss, damage, or liability arising from an unknown or contingent event. The insured pays the insurer a premium for this coverage.

Liability insurance covers loss caused by negligence but not loss caused by a willful act of the insured. Negligence is one of the conditions that can be greatly reduced on most private lands through risk planning. Anyone who allows public use of their lands for recreation, whether or not a fee is charged for access and/or use of the property, should acquire sufficient liability insurance coverage. Liability insurance companies generally limit the total liability of the insurance company to a specific sum per occurrence, which may be much less than the liability incurred by the insured, but it does reduce the risk of loss.

Natural Resource Inventory

- ▶ What type of land do you have? Is it predominantly flat, hilly, open, forested, pastureland, currently in agricultural production, etc.?
- ▶ How much of the land acreage is in different types? For example, if your enterprise is hunting leases, how much land is in woodlands that provide quality habitat for deer and turkey, or how much is in wetlands that provide quality habitat for waterfowl?
- ▶ Is this land already owned, or is some of it rented or leased?
- ▶ Do you have an aerial photo or map of the land showing roads, access points, and portions that are fenced? Are property boundaries clearly defined?
- ▶ Is it gated or on a private road?
- ▶ What type of land use is on adjacent/surrounding property owned by neighbors or others, such as corporate, state, or federal owners?
- ▶ Are there ponds, lakes, or streams on your property, and, if so, how many and of what amount? (Example: 2 lakes, 3 ponds, totaling 50 acres, and 3/4 mile of permanent or intermittent streams.)
- ▶ What kind of buildings are on the property? What size are they, and what condition are they in? Can you provide lodging, dining space, cooking space, and restroom facilities with the existing structures? Are they restorable for use by guests?

If you already have insurance on your property, you can work with your present insurer to see if a rider can be added as a supplement to your existing policy to obtain adequate liability coverage. Others who plan to lease their land to an individual or group may require the lessees to obtain liability insurance as a part of their written lease agreement.

There are a number of insurance companies that offer a rider for coverage of public recreational use, or for hunting clubs. If you have questions about the need for liability insurance for the type of natural-resource enterprise you are considering, you may want to consult your attorney.

Resource Sustainability

- ▶ Can you sustain your existing operation and still add some type of recreational access opportunity such as deer hunting?
- ▶ Can you sustain and/or enhance a productive deer population over time that clients are will-ing to pay for, or will such exploitation on the existing land base be unsustainable given the limited amount of deer habitat?
- ▶ Can you allow a certain number of fishing days on your ponds or lakes and still be able to provide quality fishing in the years to come by limiting use and ensuring maintenance of good harvest records, or will you have to drain and restock periodically?

Personal and Family Inventory/Assessment

After the Natural Resource Inventory, this assessment may be the most important consideration:

- ▶ Will you and/or members of your family or employees enjoy dealing with people who will be using your land and having access to your natural resources?
- ▶ Do you and your family's long-term objectives for ownership require adding an alternative enterprise to your existing operation for increased or more dependable annual income?
- ▶ Do you and/or members of your family or existing employees have some practical experience or knowledge about the type of enterprise you are considering?
- ▶ Are you and your family or employees will-ing to keep records and manage the business aspects of the new enterprise?
- ▶ Are you and your family willing to take the risks associated with investing in the management and operation of a new enterprise?

Other Options for Consideration

- ▶ Will the enterprise be seasonal or operated year-round?
- ▶ Can the existing natural resources be enhanced to meet the needs and demands of the client base for the enterprise, and can they be sustained for future needs?
- ▶ Will the enterprise offer consumptive use of the resources, such as hunting and fishing, or so-called nonconsumptive uses, such as horse riding, bird watching, or both?
- ▶ Will the enterprise offer primarily land-based activities, water-based, or both?
- ▶ Will the enterprise be compatible with the other existing operations?
- ▶ Can the enterprise be operated with existing resources, or will investments, loans, and additional labor be necessary?

Marketing

The considerations listed above should be evaluated and answered before moving forward. To this point, no major investments or risks have been incurred. However, before a decision is made to initiate one or more alternative natural resource-based enterprises, you must consider the market and client base. Marketing the product, service, or access for recreational use is essential to consider if the enterprise is to be successful.

One way to get some idea of the market for the enterprise is to visit an operation that offers similar kinds of products, services, or recreational access, and talk to the people who manage and operate this business. If you know of trade associations that work with such enterprises, talk to their representatives and review materials they have available that relate to the enterprise you are considering. Attend available educational programs that relate to the type of operation you are considering. Learn as much as possible about such enterprises and their operation and management as you consider whether, in fact, this is an appropriate business for you and your family.



Marketing Your Natural Resource-Based Enterprise

- ▶ Develop a customer/client profile.
- ▶ Do you want to market to corporations or groups?
- ▶ To individuals or families?
- ▶ To certain income levels?
- ▶ To certain age groups?
- ▶ To the diverse public at large?
- ▶ To urban clientele or to local people in nearby communities?

Location

- ▶ Is your land near major metropolitan areas or population centers?
- ▶ Are there similar operations nearby that you will be competing with, or are there other types of operations nearby that are complementary and may provide clients for your business?
- ▶ Does your enterprise or some other attraction nearby offer something unique that may be a draw for regional or national clientele?

Accessibility

- ▶ Is your location accessible to clients? For example, is your enterprise on or near a major highway system?
- ▶ Do you have a good road system to access your property and enterprise by automobile, or is it accessible only by 4-wheel truck or all terrain vehicle?
- ▶ Is your enterprise within 60 to 80 miles of a major airport or even a private airport?
- ▶ Can you provide transportation to your enterprise from the nearest airport for clients who would fly in to visit your operation?

Potential Partners and Cooperators

- ▶ State, regional, and local tourism agencies
- ▶ Trade or industry associations or groups
- ▶ Local and state chambers of commerce
- ▶ State and local economic development agencies or groups
- ▶ Nearby tourism businesses/operations
- ▶ Corporate trade or industry publications
- ▶ Youth associations and organizations, such as Boy Scouts, 4-H, or Girl Scouts
- ▶ Senior citizen organizations, such as AARP
- ▶ Community groups, school groups, and others

Planning

Following this thought process of things to consider and do, if the potential looks promising for developing your enterprise, now is the time to develop a written business plan and begin to realistically weigh the pros and cons of the investments (labor and capital) that will be necessary to operate the enterprise. This necessary step will help in weighing the costs of doing business against the potential market demand, and help in determining the feasibility of the enterprise, the time required to get the business up and running, and the amount of time it will take to make the operation profitable and an integral part of your total operation.

Business Plan Outline

- ▶ Introduction and 3- to 5-year plan for the enterprise
- ▶ Organizational plan
- ▶ Marketing plan
- ▶ Operating plan
- ▶ Financial plan, including feasibility perspective
- ▶ Evaluation and monitoring plan

Summary

Although this checklist of considerations appears to require extensive study before making final decisions about start-up of a new alternative enterprise, it will be in your best interest, as well as your family's best interest, to do so. There is no "silver bullet" or "one plan fits all" for initiating a natural resource-based enterprise. Each individual site/location has different capabilities biologically, socially, and economically, just as each landowner is different and has different interests, capabilities, and objectives for developing a natural resource-based enterprise.

Therefore, this checklist should be useful for any individual, family, or group thinking about diversifying and initiating a new alternative natural resource-based enterprise, or expanding their existing operation to include such an enterprise.

Once the type of enterprise is determined and a business plan is being developed, another suggestion is to make two lists. First, list the realistic short-term objectives (1 to 3 years). Second, list the projected long-term objectives for this enterprise (3 to 7 years). Be as specific as possible. These lists can be modified as the enterprise moves forward but should serve as good benchmarks for enterprise evaluation.

Worksheet: Goals and Objectives for Sustainable Natural Resource-Based Enterprises

1. List the family members and/or employees who are likely to be actively involved in this enterprise, and briefly describe their anticipated roles.

2. List the types of sustainable natural resource-based products, activities, services, or access you are considering as an alternative enterprise in order of preference (hunting or fishing lease; permit hunting or fee fishing; horse trail riding or other equestrian activities; guide services; bird or wildlife watching tours; group canoe trips; off-road vehicle trails; specialty crops, such as pine straw, mushroom, or ginseng production).

a. _____

b. _____

c. _____

3. If you already have an agricultural or forestry operation as your primary business, what are your short- (1 to 3 years) and long-term (3 to 7 years) goals for the existing operation? Check one or more of the following goals as appropriate:

Maintain at about the same level as in the past.

Expand. Describe: _____

Cut back on specific parts. Explain: _____

Quit altogether.

Other: _____

4. How compatible do you think a new sustainable natural resource-based enterprise will be with whatever goals you listed above for your existing operation?

Very compatible. Explain: _____

Likely to require tradeoffs. Identify: _____

Not compatible. Explain: _____

5. What role will this new enterprise play in the next 1 to 3 years in terms of annual income and employment? Check one or more of the following:

Provide supplementary income to existing operation or off-farm income.

Replace part of your existing operation.

Completely replace existing operation and off-farm income.

Other roles/tradeoffs.

6. After the new enterprise is established, what amount of family living income would you like the following sources to contribute annually? (present dollars)

Current farm or forestry operation: _____

New enterprise: _____

Off-farm employment: _____

Other: _____

Total: _____

7. What special features do you and your family desire and/or expect the new enterprise to provide? (Level of risk, labor requirements, seasonality, use of special skills or resources, total management and use, sustainability of the integrated operation, etc.)



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Reviewed by **Daryl Jones**, PhD, Extension Professor, Wildlife, Fisheries, and Aquaculture. Written by James E. Miller, Professor Emeritus, Wildlife, Fisheries, and Aquaculture, and Kenneth W. Hood, PhD, former Associate Extension Professor, Food & Fiber Center.

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