

Why Agritourism? Identifying the Opportunities and the Challenges.

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Why Agritourism? This was the environment the Geislers faced the summer of 2004.

- They had low commodity corn and soybean prices in 2004. Corn was \$1.90/bushel and beans were \$5.00/bushel. Both were under the cost of production.
- The next generation was ready to join the business. Geisler's stepdaughter and son-in-law had moved back to the farm and had off-farm income.
- There's a proposed four-lane interstate bypass road project that may cut through or near their farm property. How do you raise crops around it?

What prompted the change? Geisler heard speakers at a June 2004 agritourism meeting in Des Moines. One spoke on the value of location to a metro area and access to a paved road. Another speaker explained how to create a corn maze. She announced the concept to the family. It took more than a year of planning and research to create the business.

Close Proximity to the Metro

- Geisler Farms is 14 miles northeast of downtown Des Moines.
- It is 5 miles from I-35 and I-80.
- The nearest town, Ankeny, has 40,000 in population. Of that, nearly 8,000 are school children.
- The Des Moines metro has 400,000 in population.

Change in Mindset

- They had to become price setters not price takers. They had to switch from commodity producers to direct marketers.
- They opened the farm gates to welcome the public to their property.
- They have joined the hospitality business.

Wrote first business plan. Geisler gave the business plan to her Wells Fargo ag banker.

- It called for a \$15,000 operating budget.
- It called for Geisler Farms Inc. to finance the venture using the existing line of credit for the corn and beans.
- Corn maze admission was set at \$5 per person and pumpkins were priced at 30 cents per pound.
- Mission: to "offer the public an enjoyable, affordable fun experience on a family farm."

Marketing Plan Marketing and promotion consist of about one-third of the operating budget, with the Web site as the primary marketing tool.

- In 2005, they spent \$1,200 to create the Growing Family Fun Web site. They were told not to use Geisler as the domain name since no one can spell it.
- The Web site was converted from HTML to a Content Management System (CMS) in 2009 at a cost of \$2,000.

Legal Structure

- They formed Growing Family Fun LLC during the third season in 2007. The farm accountant did the paperwork.
- Geisler Farms Inc., a Subchapter S corporation, is the sole member of Growing Family Fun.

Created our own Corn Maze

- Geisler's stepdaughter designs the 10-acre corn maze.
- They cut the maze when the corn is four inches tall. They create six-foot wide paths with a tiller and utility tractor.
- They bypass professional maze design companies that charge for design and implementation.

Liability Insurance. Geisler gave the business plan to her Farm Bureau insurance agent.

- Insurance was underwritten for two years. The policy was good for the length of the season at a cost of \$1,800.
- Farm Bureau offered AgMax in 2007. AgMax coverage lasts 12 months.
- The AgMax premium for \$1 million in general liability is \$1,421.
- The premium they pay for the property and the building is \$1,628.
- Business continuation was added in 2009. This provides coverage if they are unable to be open for business in the fall. For a \$661 premium, they get \$40,000 income guarantee.
- Liability insurance averages to \$254/month.

Hail Insurance

- Hail insurance on the pumpkins is sourced through their corn and bean crop insurance agent.
- A \$513 premium provides \$3,000/acre coverage on the pumpkins.

Pumpkins

- The Geislers have purchased from other growers three out of four years.
- They must have pumpkins to maintain their existing customer base.
- In 2008, they experienced a complete crop loss. It cost \$7,560 for a semi load or 56 bins of pumpkins.

Part-Time Labor Costs

- The 2008 part-time weekend help cost \$4,376.
- Marfan volunteers were given a donation valued at \$1,620.
- Sigma Alpha volunteers from Iowa State University received a donation of \$478.
- Total labor costs were \$6,474.
- Workers compensation insurance is required on part-time employees. The premium is \$383.

Harvest Labor

- An unforeseeable change was their son-in-law leaving the family in 2006 and filing for divorce. They did their own crop harvest during 2005 and 2006. They could no longer physically handle hosting and harvesting at the same time.
- Since 2007, the Geislers have had a handshake agreement with two beginning farmers. The beginning farmers harvest the crops in exchange for use of Geisler Farms' combine, tractor, grain cart and semi.

Being ADA Compliant

- In 2006, Geisler's husband built a hayrack with a chair lift on the back. The cost of materials was \$3,500. The chair lift came from a damaged city bus and cost about \$300. Brand new, the same chair lift would be valued at \$5,000.
- Indoor restrooms were built in 2008 to ADA accessibility guidelines.

Financing the Red Shed

What started out as a pole barn for shelter in 2006 has resulted in a finished hosting facility. The 3,500-square-foot Red Shed features radiant heated floors, furnace, fireplace, air conditioning, commercial kitchen, ADA-accessible restrooms and indoor seating. It was financed using personal savings and bank loans.

- In 2006, they used \$30,000 in personal savings to build a 40x60-foot shed with a 20x30-foot entry.
- In 2007, they used \$9,000 in savings to build a 24x30-foot addition to the east side for a kitchen and restrooms.
- They had access to a \$40,000 line of credit from August to November 2007 through Wells Fargo. They spent \$21,750.
- In 2008, they took out a \$90,000, four-year loan through Wells Fargo. They paid back \$30,000 in 2008.
- In 2009, they will modify the existing loan to finance a \$30,000 parking lot improvement project. The grass parking lot needs graded to meet county specifications and rocked.

Goal = Self Sufficiency

- The revised business plan calls for renting out the Red Shed between November and August to fund the fall operating budget.
- That doesn't work when the county defines "hosting" as a commercial activity. The county was to amend zoning ordinances in 2009. It might include an amendment that would grant the Geislers permission to host parties and receptions.

Goal = Focus on Agritourism

- Agritourism will allow the Geislers to phase out of corn and bean production except for the home farm.
- The beginning farmers will purchase their equipment and take over the land leases.
- The Geislers will concentrate on hosting and direct marketing.

Visit Iowa Farms

- Send your friends and family to www.GrowingFamilyFun.com/.
- Check out other farms at www.VisitIowaFarms.org/.

Malinda Geisler, along with her husband Darrell, are owners of Growing Family Fun, an agritourism business located at Geisler Farms northeast of Des Moines. Established in 2005, the venue features a 10-acre family created corn maze, five acres of pumpkins and three firepits for groups to reserve. It is open to the public on weekends during September and October. Geisler Farms also raises corn and soybeans on 1,100 acres. Malinda works part-time for Iowa State University Extension as a content specialist for the Agricultural Marketing Resource Center. She is a graduate of Iowa State University.