



Small-Scale Horticulture

Opportunities from the Wimmera Mallee Pipeline

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Introduction

Background

The construction of the Wimmera-Mallee pipeline has provided the opportunity for existing landholders in the region to diversify into new enterprises, as well as the potential for additional investment from outside the region.

Properties with an existing stock and domestic licence will receive 2.5 KL per hectare (3 ML for the average 1,200 ha Wimmera-Mallee farm), which may be increased further with the provision of 'potential growth water'.

This volume and security of water, although not sufficient to allow for large scale horticultural enterprises, may be adequate for the establishment of new small-scale or 'micro' horticultural enterprises, as an addition to existing farm enterprises. For the purposes of this report, a small-scale horticultural enterprise is one that is restricted by the available allocations and tradeable water allowances. The area and size of the business will be determined by the horticultural enterprise employed and the corresponding water use.

What makes some small businesses successful while others fail? There are some key business principals, which should be adhered to whether you are selling fruit or footwear. There are also some principles, which are more specific to the establishment of a horticultural enterprise, such as knowing the capability of your land and the logistics required for your product to reach customers. These principles are discussed in the following report and illustrated by examples of businesses in the Wimmera-Mallee that have successfully followed these principles.

Structure

Part A: Principles and experiences.

Outlines the principles for establishing and operating a successful small-scale horticulture business, examines five local case study horticulture businesses and presents the lessons that can be learned from their experience, as well as providing some key reasons as to why a business may fail.

Part B: Key things you need to know.

Focuses on specific information that new horticultural business operators need to know, including sections on water availability in the region, agronomic recommendations, intellectual property, commercialisation of new products and key contacts within the region.



Part A: Principles and Experience

Principles for a successful small-scale horticulture business

Introduction

Having the courage to try something different and 'just doing it' cannot be underestimated. Many people do not ever develop their ideas because they never get started. This may be due to lack of drive, lack of confidence or just not knowing how to start. Success in any new enterprise is possible provided you do your research first, plan carefully and are prepared to put in the hard work required. The first steps involve choosing the right idea or business for you and then conducting sufficient research to ensure that your idea is feasible.

What suits you?

Have realistic expectations

Many horticultural crops require intensive management and a significant investment of time and energy. It is important to be aware of your motivation for establishing a horticultural enterprise.

If the primary motivation is to make money, potential business operators need to be aware that it may take several years for an enterprise to start producing a profit and some crops (such as grapes, olives and apples) will require significant capital up-front to install infrastructure such as trellising and irrigation systems.

A horticultural enterprise can provide a nice lifestyle option (who doesn't like the thought of gazing over fields of lavender or grape vines), however, as mentioned before many crops will require a significant investment of time, energy and money.

Most high value horticultural crops are harvested by hand (requiring a significant labour input) and will also require regular on-going management such as pruning, pest and disease control, and irrigation. Thus, the vines might be nice to look at, but they will also be quite demanding.

Do you have a passion for what you plan to do? People tend to be most successful when they are doing something they really enjoy. A lot of small businesses stem from people's hobbies and although diversification within an existing farm may be slightly different it will still be important that you have an interest and passion for your new enterprise.

A successful horticulturist will know and understand the primary reasons for establishing their enterprise and will have chosen a crop and business structure that fits with their lifestyle and personal objectives.

Have the right skills

Do you know how to grow your product? – Horticultural crops usually require intensive management. It will be important to know for example:

- What the likely irrigation and nutrition requirements are?
- What are the soil management requirements, how can you keep your soil healthy?
- What are the rotation requirements, how often can you grow the same crop on the same land, what break or alternative crops are available, could you get an income from alternative crops?
- What are the potential pests and diseases and how to manage these?
- How will you control weeds? Weed control can be one of the highest costs and can cause substantial crop losses.
- The right varietal selection for particular times of year, climate, soils or markets may make use of early or late season high prices.
- All horticultural crops need to be handled correctly after harvest; do you know the optimum harvest maturity, cooling, drying, packaging and storage requirements, will you need specialised grading and packaging equipment or forklifts?
- Do you understand the requirements for and costs of machinery, equipment and buildings; could you share with others? Mechanisation has often saved emerging horticultural businesses.
- If you are thinking of minimum or complete processing, do you understand food safety requirements?
- Are you a good communicator, are you good in dealing with people?

It is important to communicate well and relate to people to successfully market your product. You will most likely need to employ staff and it will be vital to select the right people and manage them well; you will need to understand Industrial Relations and Occupational Health and Safety regulations that apply to your industry.

Marketing will require promotional material and a website, IT now is an important part of each business; can you access these skills?

Can you access that expertise locally if you don't have it yourself? – it may not be necessary to have these skills yourself if you can source assistance locally from a horticultural advisor who can assist you with management of the crop. Seeking assistance in other areas of the business such as marketing or finance can be just as important to ensuring success, if you do not possess skills in these areas yourself. Is there an industry organisation you can join? Is there a research facility nearby that can assist?

Don't be afraid to seek out technical, marketing or financing assistance or training courses if you do not possess skills in these areas.

Have a long term vision

Having a vision of what you want to achieve is important not only from a planning point of view, but also for motivation. Thinking big does not mean you have to start big. Most successful enterprises start in a small way, especially if they are developing a brand new idea. However providing your enterprise with room to grow is important especially when planning infrastructure requirements.

Having sufficient land to expand, resources to harvest and process larger crops and/or additional storage requirements may be important considerations. If the business expands quickly and/or in a different direction you may have to keep changing things to cater for increasing production or visitors if you did not envisage the potential scale of the operation at the start.

Remember, a failure to plan is a plan to fail!

Access and build networks

Try to learn as much as possible from like-minded people that are in the same or similar line of business. Try to attend seminars, workshops and other training events. Travel to see how other people have gone about growing the same or a similar crop. Continue to share information with your networks. Investigate strategic alliances to be able to supply your market over a long period of time or with a diverse product range or range of varieties e.g. of flowers.

To be a successful horticulturalist in the Wimmera-Mallee will require access to strong networks, as it is not a traditional horticultural area and sound advice and expertise may not be available locally.

Is there a market for it?

Know your market

Conducting market research is a critical element in determining how successful your horticulture enterprise will be. Key questions that need to be answered include:

- Is there a demand for your product? At what time of the year does the demand occur? Statistics and other market research data can help you make an informed decision as to the potential level of demand for your product. Analysis should include investigating and understanding your competitors – how many are there and what are they doing? What segment of the market do you intend to target – are you producing a specialised, niche product or a commodity? In general, it is more profitable and sustainable to establish and occupy a niche in a market than to offer a commodity and compete with others on price. It is also helpful to understand market trends so you can make the most of your business opportunities.

How healthy is the market? Is there room for further expansion? What is the volatility of the market - if there is an increase in the volume of product within the market will the price go down?

- Remember that not all your product(s) will meet quality specifications for the selected market. What will you do with second or third grade product, what will you do with your waste? Being creative about using off-specification product may make or break a business.
- If there is a demand, it is important to determine what the product specifications may be. Most consumers and markets will have certain expectations of the presentation and quality of the product and many horticultural crops will be required to adhere to Quality Assurance (QA) schemes. There may also be an expectation that the product will be available all year round or meet certain windows or periods of time when the demand for the product is high.
- Can you supply that product or service at a competitive price? What are the costs of establishment and on-going production, and what is the expected price you would receive for your product?

The answers to these questions can be found by talking to customers, other businesses or market agents (i.e. wholesalers). You can also research your market by using information that has already been gathered, such as government statistics (ABS and ABARE) and trade publications. If you are thinking about export, Austrade can provide useful help.

A successful horticulture business will know what its customers' needs are, the requirements and characteristics of the market it is supplying, and the expected profit.

Know your product and service

It is important that you are clear about what your product and service entails. If you grow fruit, your product could be bulk fruit, prepacked fruit, pick your own fruit or preserved fruit. The service you attach to the product may be delivery, product information, a coffee shop, preserving classes, etc.

Investigate whether you can expand your product or service range by buying product in from other sources or value adding.

A successful horticulturalist will have clearly defined products and services.

Know your selling point

What will make your product different? What is your competitive advantage? Small businesses usually cannot compete with bigger operations on price. However, one advantage to being smaller is that you are likely to have greater control over the quality of your product and this should be what sets you apart from the larger operators. People remember quality long after they have forgotten the price.

Another advantage a small business might have is being unique. If you can offer something different that no one else is selling you can be the sole supplier to the market. The opportunity to value-add to a product will be of importance to ensuring your uniqueness and quality.

Small-scale horticulture is all about niche markets, so what's your point of difference or competitive advantage?

Can you produce it profitably?

Know your land capability

Most horticultural crops will require certain environmental characteristics to grow well. These may include:

- **Soil type** – many horticultural crops require a relatively fertile soil type and can be sensitive to salinity and sodicity. Nearly all crops require good drainage. The Wimmera-Mallee region has a diversity of soil types, which reflect differences in parent material, topography, climate and age. For agricultural purposes, many of these soils have some chemical and physical limitations (e.g. salinity and sodicity or subsoil constraints) that require careful management. It will be important to know if your soil type is suitable to the type of crop you are planning to grow and if not, how much will this affect the yielding potential of the crop and what management techniques are available to mitigate the chemical and physical limitations. Sloping or stony ground may restrict certain management actions or make them more expensive. Do you have access to inputs and machinery to deal with limitations? How much yield potential can you afford to lose?
- **Water availability/quality** – Horticultural crops have greater water requirements than broadacre farming. Not only will the volume of available water be important but also the reliability of access to water (many crops will require irrigation on a regular schedule and potentially more often, if there is hot or windy weather; most crops have peak demands at certain times of the season). The quality of the water will also be important.

As discussed for soil type, water that has a high salt level, may not be suitable for irrigating horticultural crops such as vegetables, herbs or fruit.

- **Climate** – Many horticultural crops will only grow and reproduce under certain climatic conditions. Using a range of varieties will assist in managing production during different times of year, however some crops will have a minimum heat or chilling requirement, while others will be sensitive to frost and extreme heat. Nearly all crops need to be protected from wind. Greenhouses or other crop protection structures will be affected by wind. Slopes and exposure to north or south may limit production of certain crops.

A successful horticultural business will know what crops they can successfully manage, either by looking at the types of crops grown in the area or by investigating the soil, water and climatic requirements of their product.

Know your logistical requirements

Cooling and storage – Horticultural crops commonly have specific storage requirements and are easily perishable. Some products may need to be stored at cool temperatures and have specific airflow humidity or atmosphere requirements. Most are sensitive to ethylene and some cannot be stored together with others. Containers and packaging have to be suited to the storage environment. It will be important to know what these requirements are and if there are any existing storages in your area which can provide these, or if you will have to build them yourself.

Transport to market – As discussed above, many horticultural products will have a defined and possibly short shelf life. Ensuring your product makes it to the desired market or to consumers quickly and in good quality will be important. Certain products may not be able to be stored or transported with other products i.e. products which emit ethylene (e.g. apples) cannot be transported with products which are sensitive to ethylene (such as kiwi fruit or tomatoes) or they will ripen too quickly. Prior to establishing your business you will need to ascertain what transport is available and if it will be suitable for transporting your product.

Suppliers – Some horticultural crops will require a regular supply of products such as fertiliser, pesticides, herbicides, composts, mulches, equipment, spare parts etc. It is likely that there will be chemical re-sellers currently servicing farmers in the area and that they will be able to source products for you. Some horticultural crops such as vegetables require a regular supply of seedlings. The quality of the seedlings will have a direct impact on the final quality of the product. Having a reputable nursery close by (so that seedlings are not having to travel large distances before transplanting) will be very important for crops dependent on a regular supply of seedlings. If you are planning on operating a small-scale enterprise you may be able to produce your own seedlings but be aware that specialist skills may be required.

Do you have a good workshop close by? Often there is a need to modify or build machinery that cannot be bought 'off the shelf'. If you need to construct greenhouses, shade structures, trellising, bird netting or sheds and cool rooms or other storage facilities, can you access expertise in the area or get advice?

Packaging – Some horticultural crops will require minimal packaging and can be sold in bulk or with minimum packaging. Make sure that packing, especially cartons or trays palletise well and are strong enough to withstand humidity and weight when stacked. However if you are looking to value add to your product (which may be desirable if you are a small enterprise) then innovative packaging may make all the difference. It may be that you possess the skills to package the product yourself but if not, investigate who else in the area may be able to provide this service for you.

Post harvest management is just as important as production in horticulture. Successful horticulturalists manage their logistics well.

Have adequate financing and time

It may take several years before you are able to generate a return from your investment, particularly with crops that have a significant establishment period such as olives, grapes and pome fruit or other perennial crops. Do you have sufficient funds or alternative sources of income while waiting for crops to mature? Some horticultural markets can be quite volatile. If there are a number of seasons with poor prices or unexpected weather and/or pest events, will you have sufficient resources to 'weather the storm'? Allow for some degree of failures in your financial planning for the first years. Try to spread cash flow over a long period, if possible.

If finances are an issue, select a crop that has the potential to produce sales in the first year after planting. Start small so that you can learn and mistakes are not too costly. Plan expansion and diversification carefully. Investigate whether you can contract out certain activities to save time.

Financial success in horticulture is often dependent on having adequate finance to fund you until your crop is fully established and generating the profits you planned for.

Have the right business structure

A business structure is used to identify your operation as a trading business. It is important to understand the differences between each structure, and choose the one best suited to your needs. Some of the major factors to consider when choosing a structure may include:

- Who can make important decisions?
- The tax advantages and disadvantages.
- If it is expensive and easy to set up, or complicated and perhaps expensive.
- The legal obligations e.g. what records you have to keep?
- How profits are shared (or losses)?
- How easy it is for the business to expand or attract new investors?
- Do you have investors / a board of directors you have to consider?
- If your business is a family owned and operated one, have a good separation of tasks and a succession plan?

A successful horticulturalist chooses the business structure to suit their business and family, manage risk and tax liability.

Understand legal requirements and regulations

Apart from rules and regulations pertaining to each business, horticulture and food production have their own requirements. Make sure that you understand what is required in regards to record keeping, registrations, and accreditations as well associated cost for e.g. quality assurance, food safety, safe use of chemicals, environmental performance intellectual property.

Understanding legal requirements and regulations is your responsibility. Make sure you research it well when planning your business.

Managing a new business

Keep good records

Once your enterprise is up and running and you have developed a strategic, business, marketing and risk management plan the next step is to ensure that your business continues to run smoothly. It should adapt to new challenges and opportunities for further development and identify innovation opportunities. Prepare annual operational plans alongside your annual budget and apply the plan – do – review principle to check whether you are on track and make changes as required.

To enable reviews and continuous improvements, it is very important to keep adequate records, not only financial records but records on how you manage the crop(s), inputs, timing of all activities, results like yield and pack out, crop losses, soil and plant testing results, weather data, reasons for success or failure etc.

The review of records will greatly assist in understanding reasons for success or failures. Without these, improvements are difficult to make and it is hard to gain an understanding of the best, most efficient production methods to increase productivity and profitability. Photos should be kept with records to illustrate descriptions.

Feedback/review

Actively pursuing feedback on your product and service from customers will assist you in finding ways to make it better and learn from any mistakes. Most people are passive – they wait for negative feedback and then do something about it. However many people do not like giving this feedback so unless you actively pursue it, you may never know how your product could be improved.

Regular review of your business will also provide an opportunity to potentially improve your product or the way you have been managing the business. It is important to allow yourself the opportunity to step back and critically review how things have been going.

Manager/owners can often get caught up in routine short-term focussed activities, which hamper their ability to focus on strategies for long-term competitiveness and profitability. Seeking external advice to review and recommend areas for improvement may assist in the development of your business if you do not have the time to do this yourself.

Having sufficient **flexibility and adaptability** to change the way the business is managed will be important in allowing you to change things if review and feedback from customers indicate that improvements could be made. It is also important that if obstacles or challenges outside of your control occur, you can adapt to these.

Strive for continuous improvement

Can you work more efficiently? Can you access new technologies that allow for mechanisation, improvements in processing, or packaging?

Can you access improved varieties, propagation methods or agronomy information?

Can you improve your service to your clients or make it easier to do business with you e.g. by using better distribution channels, different packaging, easy payment options or internet sales.

Consider accreditation under a quality assurance system or other certification scheme. Monitor and control your finances.

Develop systems that will help you keep track of your finances and also what are your profitable and non-profit lines. Having good control of your finances will allow you to demonstrate that you are in control of your operation and show your bank manager actual records of cash flow. Successful businesses must manage the information they collect: financial statements, customer records, sales performance, service levels, plus dozens of other categories. Furthermore, there are an infinite number of ways to cross-reference any data category with another to identify trends and other indicators.

Focus on margin rather than turnover - Many horticultural producers fall into the trap of focussing on turnover or volume of product rather than the margin they are achieving. Knowing your margin will require an awareness of the capital costs, operational costs and the price received for the product. This may seem obvious but many large-scale producers still make this mistake, especially when dealing with a commodity product.

Market your product

Effective marketing is a vital part of a successful business. Sales are very important, but your brand, image and ultimately marketing determines your customer loyalty and growth of your business. Understand what customers want; their key buying reasons may not be what they tell you outright.

Marketing establishes the basis for your sales strategy and how you will generate sales. Successful marketing of your product does not necessarily require a lot of money. Small-scale horticultural business can take advantage of the fact that they are doing something different and unique to attract free advertising and promotion (through newspaper articles, radio interviews, attending shows or entering competitions).

In order to grow your business, find ways to regularly stay in touch with clients and educate them on your products.

When talking to customers, do not focus on telling them about the features of your product but emphasise what the product can do for them, how it can fill a need. Design your promotional material accordingly.

Consider developing a brand and trademark. Branding will make it easier for customers to recognise your product and trade marking is a simple and cost effective way of protecting intellectual property.

Develop point of sale material. If you are producing a vegetable, herb, fruit or food product consider providing information on its use (including recipes) and associated benefits.

Identify and target networks that will assist in raising your profile. Lead generation is the lifeblood of any small business. The more qualified prospects contacted, the more clients you'll have. One of your marketing goals should be to improve your lead generation and motivate qualified prospects to give you their contact information so you can market to them.

Distribution/Supply chain management – If you are not doing the distribution yourself (which may be wise as this can take your time and attention away from the business) then find a distributor who will suit your product and support you. Will your product appeal to most audiences and therefore should be widely distributed? Or is it more suited to a select clientele, in which case a more target approach will be more effective. Understand the supply chain and which position you have in it and try to make contact with members of the chain regularly.

Presentation and display – Not only is it important for your products to be presented as attractively as possible to customers but the image of your whole business should also be as professional as possible. One of the best forms of marketing, that is very affordable, is a consistent and professional image. Elegant business cards, matching letterheads and an informative and effective website are just a few pieces of a small business toolbox that can do much more than a high-dollar advertising campaign. Although you may be operating your business from a small back shed, by using well-presented advertising brochures and products the resulting image will be of a big, well-run company. You may be able to have features on your business in local media.

Public relations and customer service – The importance of good customer service cannot be underestimated. People like to buy from others they know and trust and attracting new clients takes a lot more effort than selling to a repeat client. The key to good customer service is to look at the situation from your client's point of view. Most people want good quality and reliable service with the least possible hassle. Friendly, trained and efficient staff is part of the service.

Consider developing a website and sales via the Internet, especially if you are in a remote location.

Manage risks

Embarking on a new enterprise means that you will be dealing with a great amount of uncertainty about whether you will have success or failure. Avoiding failure means managing risks.

Managing risks requires making good decisions based on an understanding of your risk factors and interactions between them. Carefully think about:

- What are my risks and risk factors? What can go wrong?
- Which preventive action can I put in place?
- Which corrective actions are possible, if something has gone wrong?

You will need good market, technical and business information to manage risks and therefore have to:

1. Source existing information through:
 - Networks, 'specialists' with the right skills & knowledge
 - Written material
 - Media
 - Travel
2. Generate analyse and synthesise new information to fill gaps through:
 - Trial & error – record keeping
 - Observation – record keeping
 - R&D

You will need the capacity to use information through:

- Combining it with/building on existing skills and knowledge, your own, that of your partner, staff or from people outside the business.
- Using insight, instinct, awareness, and discernment.
- Acquiring new skills and knowledge e.g. through training.

Local experience

Local experience is important in demonstrating how the principles outlined in the preceding chapter have applicability to the Wimmera-Mallee region and the people who may be considering establishing a small-scale horticultural enterprise in the region.

Five small-scale horticulture case studies are presented in this chapter. They are:

1. Bellellen Grampians Organics.
2. Footeside Farm.
3. The Glare Family.
4. Grampians Wildflowers.
5. Mt Zero Olives.

Each case study provides the story of the people and their business. They provide:

- Some background on how the business was established.
- Why the particular horticultural enterprise was chosen.
- How they went about establishing the business.
- The future outlook for the business.
- The key messages.

These key messages will be further distilled in the following chapter to provide a concise guide as to what is required to establish and operate a successful small-scale horticulture business in the Wimmera-Mallee.

Bellellen Grampians Organics

Business Name	Bellellen Grampians Organics
Owner/Operator	Rod & Meg Blake
Location	Stawell, Western Australia
Business commenced	1994
Product	Organic vegetables & herbs

Background

Rod Blake grew up on a sheep property in the Stawell district and farmed with Meg near Birchip, before buying their 50 hectare (125 acres) block south of Stawell in 1993. The block had the Stawell town water supply running past their front gate, so after years of dryland broad acre farming in the Mallee, the challenge for them was to find something they could do with the water on their small farm to sustain them.



Medicinal vs culinary herbs

Rod and Meg started growing medicinal herbs after attending a seminar on how to grow them and their market potential in October 1994. They bought 100 seedlings of Valerian at the seminar and came straight home and planted them. Unfortunately, grass hoppers ate all the seedlings, but they had found what they were going to do on their small farm.

Setting up an irrigation system on their farm was the first challenge, with no local expertise to provide advice and support. They travelled to Ballarat, where they found the irrigation suppliers with the right products, expertise and advice to help them set-up their system.

By the late 1990s, they were producing up to two tonne of dried medicinal herbs off a four acre fully developed paddock. Apart from them, they had a crew of seasonal workers that were employed during harvest.

At this time, a key supplier to the Melbourne and Sydney markets approached them to start growing culinary herbs. The demand for culinary herbs encouraged their shift and within four years they were growing almost entirely culinary herbs. Whilst the product and market had changed, the fundamental system remained constant.

Challenges

When stage 4 water restrictions were introduced in Stawell during the drought, Rod and Meg had their irrigation restricted to 35 hours per week of drip irrigation. All of a sudden they had to manage with less water and longer time periods between irrigations. They had to find a less water hungry alternative to culinary herbs to remain viable.

Vegetables were the answer! They reduced their area and with the aid of green manure crops, compost and fallowing, they were able to grow many root vegetables, such as garlic, onions, beetroot, carrots and kale, in their light soils. With more water in recent times, they have also been able to grow leeks, peas, spinach, lettuce, spring onions and basil.

They have always focussed on organic production of the herbs, so it was not difficult to maintain their accreditation and produce organic vegetables that could demand a premium in the retail market.

However, this was not the last of their challenges. In 2006, after adjusting to water restrictions, Rod and Meg's property was devastated by the Grampians bushfire. They lost their entire infrastructure, including all of the materials they had been accumulating to build their "dream home".

Throughout this tough time, Bellellen Grampians Organics has continued to produce with assistance from Meg's off-farm work and her enthusiasm to read and research new crops and methods. This has been successfully combined with Rod's never say die enthusiasm and passion for growing vegetables "that are good to eat".

Markets and people

Rod and Meg attract the best price for their produce by selling it themselves at farmers' markets in Melbourne every weekend. They supply the four main farmers' markets in Melbourne, which they rotate around each month. This means Fridays and Saturdays are their busiest days, with Friday spent harvesting, packing and preparing, and a return trip to Melbourne each Saturday.

The key to their success at these markets is a passion for their produce and good interaction with their customers. Rod and Meg know many of their customers personally, as they are regular buyers at particular markets during the rotation. Rod loves the interaction and gets great satisfaction from the stories his customers tell him about the meals they have prepared with his and Meg's produce.

This approach to their marketing has generated a loyal customer base and means that Rod and Meg receive 100% of the retail price for their produce, with their own time being the single greatest cost. Thus, the enjoyment of the work is a key to its success.

Value-adding

Apart from retailing their own produce, Rod and Meg have

sought to value add wherever they can. The small size of their business means they have to find innovative ways to make the highest possible return from what they have.

Recently, they have started producing smoked garlic and plaiting it, as a decorative and useful kitchen accessory. The plaited smoked garlic has been very popular and they are seeking to expand production.

Meg also makes basil pesto from their basil and locally produced organic olive oil. Unfortunately for them, they have to import organic pine nuts, but they are keenly chasing an Australian based organic producer.

Few barriers

Rod sees few barriers to others doing what he and Meg have achieved. Having sufficient machinery to make production easy can be a bit of a problem for a small farm, but he believes you just need to work out what will grow in your area and make sure you get your market right. Enthusiasm and passion are the keys!

Future outlook

Rod and Meg have mixed views about the future. Recovery from the drought and the bushfire has been hard work and they are not getting any younger. Rod believes it would take them about a year to get back into full production, but is hesitant. They would need to expand enough to justify employing extra labour and then expand their market presence.

They see opportunities for supplying organic garlic to the Victorian Wholesale Market, but would have to expand their scale significantly to maintain supply. In the meantime, they are always seeking new ideas for value adding their produce

and working with groups, such as the Grampians Produce Group, to jointly market local produce.

Key messages

The key messages from Belliellen Grampians Organics are:

- You need to have a passion for what you are doing to overcome the challenges that will come your way.
- Have a point of difference e.g. organic production.
- Good planning and budgeting will make sure your passion does not lead to taking unnecessary risks or crop losses (e.g. their Valerian).
- Adaptability, resilience, continual research & innovation and a positive attitude to challenges will help too.
- Match your business to your personal style and skills – if you want to retail your product as well as grow it, then you have to be good at retailing and enjoy contact with people too.
- Talk to your customers to find out what they like about your produce & service and what else they may want to buy from you – you could produce or source it.
- Match your business development to your stage of life and personal needs and consider succession planning early, i.e. how will the business evolve and sustain you when you are less able to do the physical work required?



Footeside Farm

Business Name	Footeside Farm
Owner/Operator	Linda and Peter Hoffman
Location	Eudunda, South Australia
Business commenced	1999
Product	Native Foods

Background

Linda and Peter Hoffman own a 300 ha farm at Eudunda in South Australia, which has been in Peter's family since the 1950's. The farm is in a traditional sheep and cereal cropping area, with an average rainfall of approximately 350 mm per year. Although located in South Australia, the Hoffman's experience has been included because of the similarity of their circumstances to many farmers in the Wimmera-Mallee.

Linda and Peter have established a native food business on their farm, producing and selling a range of products such as bush tomatoes, quandong and wattle seeds. Their journey has had a few hiccups along the way, but with some thorough research and planning, they believe they are now on the path to success. They aim to generate the majority of their income from their horticultural enterprise, allowing them to both work together on the farm.

Why native foods?

In the past, Peter's father had managed a number of alternative enterprises on the farm, including poultry for egg production and raising free range pigs. Linda and Peter decided not to continue with either of these enterprises, due to the large economies of scale required to be sustainable and increasing quality assurance requirements and regulation.

In 1998, Linda began researching what other alternative enterprises they could manage on their farm that:

- Would suit the low rainfall conditions.
- Fit in with their cropping activities.
- Was plant based (as their fences were not suitable for livestock other than sheep).

After extensive research on the internet and discussion with local and state government departments (such as Primary Industry Research South Australia), Linda believed that native foods could be what they were looking for.

Establishment

Linda found a business that was looking to contract farmers to grow native food crops. The business provided them with the plants and production expertise, and agreed to purchase back any product that was produced. Linda and Peter were contracted with this business for four years, during which time they gained a lot of expertise on the production and processing of native foods.

They allocated seven hectares of land to the native food enterprise and established 20,000 bush tomato plants, 300 quandong trees and 1,000 wattle trees.

Linda and Peter focussed on these plants as they:

- Require low labour input.
- Have a relatively long shelf-life.
- Are suited to their semi-arid climate.

Bush tomatoes begin producing fruit relatively quickly (in their second growing season), however wattle trees require three years before yielding seeds and grafted quandong trees are usually harvested after five years of growth.

Linda and Peter sold approximately 100 acres of their land in order to finance the purchase of these plants and the necessary infrastructure required for production (such as dripper lines and pumps).

Twice bitten . . .

Unfortunately the yields and incomes were lower than initially projected by the business they were contracted to grow for, and poor planning and lack of infrastructure led to this business going bankrupt.

Shortly after the first business finished, a second business that was producing ready to use sauces from bush foods contacted Linda and Peter. This business encouraged them to re-invest in the farm by planting more trees. However, they were reluctant to commit any further investment due to their previous experience so they supplied this new business with bush tomatoes produced from their existing plants.

This new business also went bankrupt without paying Linda and Peter for their product. Thus, their reluctance was well-founded and their caution minimised their losses.

Linda and Peter's experience with these two businesses provided them with the expertise to grow native bush foods, but failed to provide any profit. Although somewhat disheartened, they continued to maintain their established plants, but did not actively pursue any other opportunities. They continued to harvest some product from the plants and sold this, along with scones and biscuits made using their products, at farmers' markets using their own label.

Going it alone

In 2008 (approximately ten years after first establishing their native crop enterprise), Linda decided to do an entrepreneur course and have a serious go at establishing their bush food business. This coincided with increasing development of the bush food industry in Australia and the establishment of a number of industry associations. The couple's children had also reached an age where Linda could devote more time to the business.

The entrepreneur course provided Linda with the confidence that she could successfully run a small-scale horticultural business and empowered them to focus on marketing their product.

Linda and Peter also believe that the course was instrumental in assisting them to identify their strengths and weaknesses, which has helped shape their roles and responsibilities within the business. Peter's innovative skills have been put to good use in modifying equipment to harvest the bush tomatoes, while Linda's ability to 'think outside the square' has helped the business establish additional gift lines to their main product lines.

They are currently marketing their product through:

- Their website.
- Product placement in gourmet food and cooking shops.
- The local media.

Although Linda and Peter are yet to make a profit from their bush food business, they believe they are now well set up to generate an income from this business once their marketing plan is fully implemented.

In 2008, they re-financed their loan to provide a line of credit, which they could use to establish and implement their marketing plan. They are currently leasing the majority of their farm and are living off this, and Peter's off-farm, income.

Future outlook

Linda and Peter plan to focus on bush tomato production on their farm, while buying in additional wattle seed and lemon myrtle product to provide the business with product depth. They will plant 8,000 plants every year for the next four years on their farm. Once the plants have reached an age where they are fully yielding, Peter plans to cease his off-farm work and focus on assisting Linda with the business. They intend to build a shed where they can process and pack their product, and potentially seek part-time assistance as the business develops.

Success to Linda and Peter will be both of them working on the farm with 75% of their income provided by the horticultural business (with the other 25% to come from their leased land). Linda and Peter have learnt a number of lessons during their ten year journey.

Getting the right balance between supply and demand

When developing a niche or speciality product it is vitally important to get the balance between supply and demand right – both production and markets need to be developed at the same time.

The two businesses that they were initially involved with both failed because they could not get this balance right. The first business focused on production and had sufficient supply but had not developed sufficient markets for the product, whilst the second business had established markets but could not meet their orders because of insufficient product.

Linda and Peter have recognised that it is more cost effective to buy in from local suppliers to provide product depth, rather than try and produce it all yourself.

They have therefore sourced additional wattle seed and included lemon myrtle in their product mix.

Utilise training opportunities and seek outside expertise

The course that Linda completed enabled her to set a strategic direction for their business and develop a marketing plan, which they have implemented with assistance from people outside the business. This has included engaging help to produce a logo and labels for their products, and the development of a website.

While they recognise the importance of seeking assistance in areas beyond their skill base, they retain control over the content of their website and have had significant input into the label development. When selling product at farmers' markets they realised that many people simply did not know what to do with the bush food product. Thus, to assist with this they have included recipes (developed by Linda) on the back of the label.

Networking

Linda is secretary for the South Australian Native Food Association (SANFA) and both her and Peter are members of the Australian Native Food Industry Limited. She has also networked by attending seminars run by local business centres and has developed relationships with regional development boards. Linda sees networking as an important tool in marketing their product and for identifying new opportunities and ideas.

It can be difficult doing something different in traditional areas and both Linda and Peter found themselves being asked a lot of questions by the local community. However, they are confident that their business will succeed and recommend to others that you need to:

- Believe in your product.
- Enjoy what you are doing.
- Do your sums (know your cost of production and expected income).
- Work with your personal skills (you can learn all the rest).

Key messages

The key messages from Linda and Peter Hoffman are:

- Do your research and do something that suits your environment and your skills.
- Select a crop with low labour input that can produce a saleable product in the first or second year.
- Don't over commit with investment or processors/wholesalers.
- Get the right balance between supply and demand.
- Utilise training opportunities and seek outside expertise.
- Networking is an important tool for marketing your product and identifying new opportunities and ideas.

The Glare family

Owner/Operator	Barry & Margaret, Jamie & Vanessa Glare
Location	Hopetoun, Victoria
Business commenced	2009
Product	Ornithogalum (fresh flower)

Background

The Glare family operate a 1,030 ha (2,545 acre) mixed farm about 20 kilometres north of Hopetoun in the southern Mallee of Victoria. The long-term average annual rainfall of the area is about 300 mm and the Glares grow wheat, barley and lupins and run a 200 ewe merino flock. They have grown ornithogalums for the fresh flower market in Melbourne for three years, utilising a local ground water supply.



Ornithogalums are a perennial plant that grow from bulbs and are native to southern Europe and southern Africa. They have grass-like basal leaves and a slender stalk, up to one metre tall, bearing clusters of star-shaped white flowers. They are highly valued as ornamental fresh flowers.



Diverse experiences

Barry was born and raised on a mixed farm in the southern Mallee at nearby Lascelles. Margaret is originally from Mildura and has a horticultural background. They lived in Mildura for a short period of time after they got married and then bought a run down fruit block at Irymple, which had citrus and vines. They managed this farm for 13 years, gradually replacing the citrus with vines and supplementing their income with Barry's full-time job in a local soft drink factory.

They returned to the southern Mallee about 27 years ago and share-farmed their current property, until purchasing it eight years ago. During that time they have had a small piggery, grew vegetables and, recently established some pomegranates.

This diverse array of enterprises were all tried in an attempt to make the farm more profitable and take advantage of their ground water supply. However, they got out of the piggery because of the increasing costs of accreditation, the training required and the need to expand to remain viable. Their plans for the pomegranates have been stalled by the drought, with 200 plants still sitting in a small nursery paddock waiting to be planted out as an orchard.

Why Ornithogalum?

Barry and Margaret's son, Jamie, completed an agricultural course via Sunraysia TAFE in Mildura, but is currently working in the sand mining industry in Hopetoun.

He was looking for "a project" that would only take a small amount of time, but would create another line of income for his young family and the farm. In particular, he wanted to grow something that grew over winter with no need for summer water. He had tried growing different plants over summer, but the plants were unable to withstand the high summer temperatures and required too much water to be successful.

Barry and Jamie were given the opportunity to grow Ornithogalums (which are planted in April and flower in September) by a contact at an Irymple nursery, who provided the bulbs and a contact in the Melbourne wholesale market. Importantly, these flowers are very hardy and long lasting, allowing them to be safely transported over much greater distances than other flower varieties.

Establishment

The Glare family established the 5,000 bulbs they acquired in a small block (35 m x 15 m) adjacent to their home, which was sheltered from the prevailing westerly winds and close to the main water source. Shade cloth was used to provide further protection from the wind, particularly the potential damage that sand blasting could cause to the flowers.

The total cost of establishment was about \$4,000, with the potential to gross between \$10,000 - \$15,000 dollars each year.

An important lesson

Unfortunately, Jamie did not cover his costs in the first year. After sending the first lot of flowers to the market, he discovered that the particular variety he was growing was covered by Plant Variety Rights (PVR). As a result, he could not legally sell them without being registered and paying the appropriate royalties to the rights holder.

Barry and Jamie made contact with the royalty holder, who has now become an important business contact and advisor to their fledgling business, to correct the situation. His advice has helped them improve their management of the bulbs and increase production in successive years with the appropriate market contacts in place to sell them.

They learned an important lesson about relying on only one source of knowledge and advice, which with some wider research may have been avoided.

Future outlook

Each bulb is capable of producing multiple stems and three or four new bulbs per year. Barry and Jamie leave the bulbs in the same area for two years before they can be split and replanted. The original area established now contains 18,000 bulbs and Barry and Jamie intend to increase both production and area of plantings from existing bulbs next year. They are also investing in machinery and infrastructure to streamline annual work processes.

Key messages

The key messages from the Glare family are:

- You need to have a “can do” attitude and a willingness to learn.
- You need a secure income stream from another source while developing a new business.
- Previous knowledge and contacts can be very useful in setting up a new enterprise however, it’s important to develop networks and get sound advice from more than one source.
- Understand regulations and laws that apply to your crop and business.
- Pick an enterprise that will fit in with your existing operation and local environment.
- Keep it manageable financially and personally in the beginning by starting small scale and learning as you grow.
- Choose something that has a quick turn around, i.e. grows quickly and receive feedback from your market quickly to adapt and, most importantly has the potential to return your initial set-up costs quickly.

Grampians Wildflowers

Business Name	Grampians Wildflowers
Owner/Operator	Jo Gardner & Julian Stoller
Location	Laharum, Western Australia
Business commenced	2010
Product	Wildflowers

Background

Grampians Wildflowers is a relatively new business, but its owners have a long history of horticultural production in the Wimmera and elsewhere in Victoria. Jo Gardner and Julian Stoller established Grampians Wildflowers as a partnership in early 2010.

Jo Gardner established Gardner Herbs Australia at Laharum in 1999. At one stage, it was supplying 60% of Australia's medicinal herb market with products such as, horehound and sheep sorrel.

Julian Stoller has had 15 years experience in the wholesale flower market, supplying retailers in Melbourne. He established a flower farm at Red Hill on the Mornington Peninsula and also has experience in the hospitality industry. He has owned and operated a wildflower farm at Mt Talbot and, more recently, established a small flower farm at Laharum.



Herbs to wildflowers

Gardner Herbs grew rapidly and Jo was employing a large number of people and travelling constantly to market her product. She found that a minimum quantity was required to obtain contracts, so she spent a lot of time mixing other people's crops together to reach sufficient volume.

Import competition is very strong in the medicinal herb market and prices are volatile. Jo felt that herb production would require a broad acre scale and a significant investment to be successful over the long-term. The risks of investing in long-term plantings, but only obtaining short-term contracts deterred her from pursuing this option and she decided to scale back to just a few specific products, which were easily sourced and had more secure markets.

The key drivers for Jo's shift from herbs to wildflowers were

- The good fit with the environment and climate.
- Low cost production with potentially high returns.
- The ability to be at home with her young family.

Identifying your market

Julian and Jo firmly believe that identifying your market and determining what is going to sell well is the key to setting up a successful small business. Their experience in the flower and herb market clearly support this view.

Talking and listening to people is also a prime determinant of success. They have talked to people in the wholesale flower markets to see what prices they are willing to pay and what type of products they want. They always send small quantities of product to market first to determine the level of demand before committing to larger consignments. They also send a range of posies of differing flower combinations, sizes and lengths at the same time, as a way of showing what flowers they have and providing buyers with options. By providing a range of products and welcoming feedback from buyers, they can determine what to grow and how to package it.



Grow it profitably

It sounds simple, but how many people really know their cost of production and the margin they make on each product? Julian learnt from bitter experience that simply having a market and being able to grow the product is not enough. You have to be able to grow it profitably.

When he established his first farm at Red Hill he tried growing a wide variety of different flowers, including Geraldton Wax and different eucalypts. Geraldton Wax was “red hot” in the market in the mid 1980s, but most of his plants died. The eucalypts grew okay, but not well enough to generate a healthy profit. The varieties he had selected were in demand in the market, but were not suited to the environment he was trying to grow them in.

His move to Mt Talbot allowed him to grow varieties that were unsuited to the cooler coastal climate of the Mornington Peninsula. He found that the climate and soil types of the southern Wimmera near the Grampians are very similar to that of south-eastern Western Australia where many of the most popular varieties in the market grow naturally.

Jo has also discovered that the wildflowers are better suited to the local environment than some of the herbs she tried to grow. The dry climate reduces fungal problems and the native plants require minimal maintenance, reducing the cost of production. As a result, they are able to cover the costs of planting with about two years of production.

Networking

Julian and Jo believe that networking with other people in the industry is a great way of finding out what the market wants and how to grow, or package different products.

Julian has extremely strong networks in the wholesale flower industry from his many years in the industry. He continues to attend flower shows and conferences both in Australia and overseas, which enable him to see what other people are doing and secure export sales into Europe, simply by meeting people at these events and sending them samples of his products.

Jo has extremely strong business and community networks in the Wimmera through her previous involvement with Wimmera 2020 and the boards of the Catchment Management Authority and Development Association. However, she quickly recognised that her knowledge of the flower market was low and that Julian’s extensive networks offered great value to her if she was going to go into wildflower production.

When Jo recently took on the shared management of Julian’s Laharum farm, Julian was keen to share farm it, but Jo wanted to form a partnership so she could utilise Julian’s knowledge and experience to market their products.

Future outlook

As a new business, Grampians Wildflowers is all about the future. They have about 2.4 hectares under production at present, but the capacity to grow much larger, if the market demand and profitability are attractive enough.

Jo would like to expand the business and has a vision of creating sustainable employment for local people, whilst ensuring the sustainability of her own farm and providing future opportunities for her kids.

One of Jo and Julian’s challenges is to grow a variety of flowers to avoid the seasonality of the industry. To do this they can grow a range of different varieties and also source product locally to produce sufficient volume. By providing year round product, they will achieve premiums for supplying out of season and also provide consistent and stable employment. This will help develop a sustainable local industry.



Key messages

The key messages from Grampians Wildflowers are:

- If you don’t have the skills yourself, find someone who does and use them.
- Partnerships need to be based on complementary skills, clear written agreements and fair reward for all parties.
- Choose a product that is well suited to your environment, is in demand and you can grow profitably.
- Enter a market slowly – produce small quantities first to ensure that there is sufficient demand for the product.
- Trial a number of different species and varieties to test what will grow well in your local environment and determine your cost of production.
- Focus on what product will provide the best profit margin – small-scale horticulture is all about niche markets.
- A key determinant of price is when your flowers actually come on the market. Early and late products can demand a premium. Trials will enable you to determine the timing of your crops relative to other areas.

Mount Zero Olives

Business Name	Mount Zero Olives
Owner/Operator	Jane & Neil Seymour
Location	Mount Zero (adjacent to Grampians National Park), Western Australia
Business commenced	1993
Product	Olives, oils and vinegar, condiments, pulses and grains, pink lake salt

Background

Mount Zero Olives is a family owned and operated business that specialises in the production and sale of gourmet food products. Starting from humble beginnings, Mount Zero Olives is a success story for horticulture in the Wimmera-Mallee region.

Mount Zero Olives was established when Jane and Neil Seymour purchased a non-irrigated olive grove at Mount Zero in Western Victoria, adjacent to the Grampians National Park in 1993. The area has an average annual rainfall of approximately 450 mm and has traditionally been used for broad acre cropping and livestock production.

Prior to purchasing the grove Neil was an Environmental Manager with Melbourne Parks and Waterways and Jane was a medical technologist.



Establishment

The olive grove, which was planted in the 1953, had changed ownership a number of times, had limited infrastructure and was in a very poor state when the Seymour's acquired it. The Seymour's did not harvest their first crop of olives until 1995.

During this period, the Seymour's worked on getting the grove up to an acceptable standard for commercial production by improving the structure of the trees and the infrastructure on the property. The Mount Zero olive grove is now managed using biodynamic farming practices and is certified with Demeter Bio-Dynamic Agriculture in Australia.

Mt Zero Olives first batch of olives for oil were hand harvested and bottled on site. During this initial phase of the businesses development the majority of the oil produced was sold through an onsite shop and at farmers' markets.

Mount Zero Olives did not remain as a single enterprise business for very long. In the year following their first crop (1996), a severe drought occurred and no oil was produced. The Seymour's quickly realised that if their business was going to be sustainable they would need to diversify into other products.

Due to their close proximity to the broad acre pulse and grain producers of the Wimmera, Jane and Neil saw the opportunity to diversify into the sale of specialty pulses and grain in small packages for home cooking. They contracted local grain growers to produce the specialty crops, which were then packaged and sold under the Mount Zero label.

The success of these products has led to Mount Zero Olives continually researching and identifying new products and benefiting from the increasing number of specialist producers entering the region. The Mount Zero range of products now includes biodynamic and non- biodynamic Olives, Oils and Vinegar, Condiments, Pulses and Grains and Pink Lake Salt.

Business and product development

After the commencement of the business in 1993, it was a number of years before a commercial quantity of oil was produced. Consequently, the business generated little income over that period. Off-farm income was essential during this time to allow them to hire casual labour and cover the costs of running the business. Without these funds, the business would not have survived the early stages of development.

Mount Zero Olives now has a broad range of products that they distribute domestically and, more recently, internationally. Jane and Neil believe that this range of products reduces their production risk and ensures a more sustainable business.

They also believe that it is essential to do market research on new products before you move into them, or the risk management benefits of diversification will be lost. Talking to potential customers to establish the demand for your product is the most important piece of market research you can do. Once the demand has been established, you can commence product development.



Distribution and marketing

The distribution and marketing of their products has altered as the business has developed. In the initial phase of business development, the majority of the products were distributed to customers via the on site shop at Mount Zero, through small distributors in Melbourne and promoted at many food fairs and shows. Attendance at Farmers' Markets became a major part of the business, once they commenced.

Jane and Neil believe this was a key component of developing their business' reputation. The face-to-face contact with their customers enabled them to 'develop a relationship with their customers' and to build customer loyalty. These interactions enabled the customers to get a better understanding of who was producing the products, where they were coming from and the processes involved. Locally sourced, biodynamic products are their competitive advantage.

As the scale of the business increased, then Jane and Neil started using large distributors to expand their product delivery. While this enabled the business to reach a larger market, they felt that the distributors cut into their margins and did not deliver their products with the same level of passion and care. During this time, the business did not have the resources to manage both production and distribution. Thus, using distributors was the only way they could expand their market and their business.

Since that time, the business has further expanded and is far more vertically integrated, with greater control of each stage of the supply chain. Mount Zero Olives now produces, value adds, markets and distributes the majority of their products to restaurants and specialty food stores from their distribution centre in Melbourne.

Networks and support base

Jane and Neil's professional backgrounds provided them with no specific skills or knowledge of horticulture. They freely admit that they made mistakes in the early stages of the management of the grove and that they had to learn on the job.

During their establishment phase, there was no support for horticultural producers in the region. Consequently, the majority of their support has come from individuals and organisations from outside the region.

Jane and Neil have been part of the Biodynamic Agriculture Association of Australia since the beginning of the Mount Zero business. They are now also members of the Grampians Produce Group, which has over 50 grower members. The group facilitates the development of networks and the exchange of ideas so that members can learn from others in similar situations. Membership of such organisations helps overcome the lack of horticultural support in the region.

Knowledge gaps are a significant barrier to overcome when a business is developing new products. Jane and Neil have sourced expertise from a number of external organisations,

such as Austrade, Regional Development Victoria and various universities across Australia. They are very aware from their own experience that the information needed for your business may not be easily accessible. However, they strongly believe that if you have enough passion and drive you will be able to find the information you require.

Future outlook

Mount Zero Olives is now an established business and is continuing to expand. The future of the business will be to expand their existing products into new domestic and international markets, and to add new products to their range.



Key messages

The key messages from Mount Zero Olives are:

- Ensure that you have demand for your product prior to production.
- Acquire basic horticultural skills to avoid costly mistakes in the set-up phase and have the ability to critically appraise advice. It is essential that you have a source of external income during the start up phase of your business.
- Developing sound networks of support are important for exchanging ideas and overcoming barriers to production.
- Farmers' markets are a good avenue for distributing your product, generating new retail customers and generating customer loyalty during the start up phase.
- It is important to diversify your business so that you can overcome the risks associated with any one product.
- Vertical integration enables control at each stage of the supply chain and is a good way to increase margins, however a broad product range and scale is required to achieve this.

Lessons from local experience

Introduction

The lessons that can be learnt from the local experience presented in the preceding case studies can be summarised in eight succinct points. They are:

1	You need passion and resilience
2	The business must fit with you, your environment and your existing business
3	Develop or source skills and expertise
4	Develop and use networks
5	Be market driven
6	Focus on profitability
7	Ensure financial support
8	Start gradually to manage your risks

You need passion and resilience

Starting a new horticultural business can be very challenging, especially for those with little experience of horticulture, or business management. The case study business operators all demonstrated passion for their ideas and a great resilience to the challenges they have faced. It's clear that sound businesses don't run on passion and resilience alone, but they cannot run without them!

The business must fit with you, your environment and your existing business

If you need to be passionate to be successful, then you need to choose a business that fits your personal style and skills. For example, selling produce at farmer's markets or any other retail environment is about people and communication. If you are gregarious and love interacting with people, then retail is for you. If not, you need to find another mechanism to get your produce to market, or focus on selling your product wholesale.

Similarly, the business needs to suit your environment. You have to be able to grow it successfully and profitably, and if you do not live on a tourist route then a retail outlet is probably out of the question.

If you are diversifying an existing business, then the new enterprise has to fit within it. Can you use or modify existing machinery? Does the timing of busy periods complement or compete with your existing business? You do not want to compromise your "core" business for a new enterprise and end up losing more than you gain.

Develop or source skills and expertise

In short, if you do not have the skills yourself, then find someone who does and use them!

Operating a small-scale horticulture business requires production, marketing, people and financial management skills. All on top of those skills you require for your existing business. Be careful not to become "Jack of all trades and master of none".

Whilst acquiring some basic horticultural skills can help you avoid some costly mistakes, work out what you are best at, or what skills you wish to develop, and seek out and find training opportunities to develop them. Seek partnerships with people who have complementary skills to you and seek professional advice in those areas that are beyond the capabilities of your team.

Develop and use networks

Developing sound networks of support are important for exchanging ideas, learning from others' mistakes and overcoming knowledge gaps. Your networks should include suppliers, customers, business partners, professional advisors, and, most importantly those who are trying to do the same thing as you. Seek out other horticulturalists and meet with them regularly to "chew the fat". In a non-traditional horticultural area like the Wimmera-Mallee, the case study businesses all agreed this was essential.

As well as providing production support, sound networks can often facilitate the development of new market opportunities.

Be market driven

It is a cliché, but just so necessary! You need to balance supply and demand. If you have the product, but no market, or a market, but no product, then you don't have a business.

So many people focus on whether they grow something, without first checking whether there is a demand for that product. Those who are involved in broad acre commodity agriculture have to be particularly careful of this lesson.

There is always someone to take your grain in a huge world market (even if you don't like the price!), but small-scale horticulture is different. You need to do some research and talk to your potential customers about what they want. Farmers' markets, festivals and fairs can be a good starting point.

Focus on profitability

If you are diversifying for more than a hobby, then you will be doing so to increase your profit. Know what it costs you to produce your new product and what margin you can make in different markets. Remember, it is not only what grows well in your environment, but also what will provide the best profit margin.

Also, do not be fooled by low turnover or small areas of production, especially if you are comparing it with a large turnover or size of an existing business. Often, broad acre agriculture has very high turnover and uses large areas, but has low profitability. A relatively low turnover horticulture enterprise might generate a very high proportion of your total profit margin.

Ensure financial support

All of the case studies presented in this report had other sources of income whilst they were establishing their horticultural business - either larger farms, or off-farm employment. It is critical to your success that you have this financial support. It can also help you grow from your own resources and avoid the necessity to seek external funds to establish your business.

Start gradually to manage your risks

Finally, managing your risks, especially during business development and establishment is critical to your eventual success. Most businesses that fail, trip-over in the early stages.

The case study business operators had several tips to manage risk during the early stages. They included:

- Good planning to avoid unnecessary risks and mistakes.
- Understanding the regulations and laws that apply to your new crop or business.
- Start small-scale and learn as you grow – do not over capitalise.
- Do not overcommit to one supplier or customer.
- Look for something that will produce a saleable product in the first or second year, so as you can cover your initial set-up costs quickly.

Factors that may lead to business failure

A study by INNOVIC has shown that less than 4% of new business ideas are likely to be commercially successful. The main issues were that innovators frequently over-estimate their potential sales and under-estimate the time and costs associated with bringing a new product to market. The study concluded that good market research, realistic financial projections, a good management team and a strong business plan can greatly improve the chances of success.

Factors that most commonly lead to business failure are listed below to further highlight the importance of managing risks and making good decisions for your business. It is important to note that a combination of these factors contribute to more than half of new business ventures failing.

- Underestimating the horticultural skills and knowledge required.
- Focus on field production and neglect of market realities and post farm-gate handling requirements in planning and budgeting.
- Confusing a business with a hobby or retirement activity often combined with a lack of business experience.
- Unrealistic expectations, e.g. following fads and fashions without analysis of realistic business opportunities.
- Wrong choice of industry, product to develop or business model.
- Entrepreneurial over-enthusiasm and burnout.
- An inadequate business plan, poor overall planning, lack of focus.
- Lack of networks in the industry, poor supply chain knowledge and management.
- Poor capital structure - businesses that fail often take on too much debt.
- Financial overexpansion, overspending:
 - No adequate budget and funds for establishment costs
 - Poor cash flow management.
 - Taking on additional, non-budgeted overheads or production costs to grow the business faster or to improve crop performance, post harvest management or marketing.
- Lack of reserve funds - failing to prepare for volatile markets and uncontrollable cost increases e.g. for water and energy, materials and equipment, production inputs (fertilisers, sprays), and labour costs, natural disasters, management mistakes etc.
- Poor internal controls - accounting, staff management, customer service etc.
- Employee incompetence (bad staff selection, supervision, no training, no job descriptions).
- Poor time management, procrastination - wrong timing and poor coordination of crop management activities and/or business management and marketing activities.
- Poor record keeping and analysis of records (financial and production) or failure to act on analysis results (ignoring the 'plan – do – review' imperative).
- Bad business location:
 - Neglecting competition or opportunities to cooperate (how many similar businesses are located nearby and would they be competitors or potential cooperators).
 - Poor judgment of site suitability, water, soil and climatic conditions.
 - Accessibility/logistics (is the area well served by roads or rail, is there tourism in the area).
 - Infrastructure, resources and services (electricity, broadband, water, input suppliers etc).
 - Labour (esp. seasonal labour required, OH&S - workers compensation, need to pay for overtime etc).
- Underestimating distance to markets and associated costs.
- Ineffective marketing and promotion – poor communication skills.
- Underestimating the competition from other regions or other products.
- Putting all eggs in one basket - just one product or one big client or one investor.
 - Lack of loyalty of buyers or business partners.
- Trying to be fast on the market with a new product that has not been properly developed or cannot be supplied in the required volumes and losing potential customers due to poor service or lack of supply (getting a bad name).
- Poor customer service resulting in lack of repeat business (not listening to what customers say, working on assumptions about the market and individual customer requirements).
- Poor ability to recognise opportunities and/or foresight and flexibility to adapt to changing conditions and technologies.



Part B: Key things you need to know

Water availability

All rural domestic and stock (D&S) customers supplied by the Wimmera Mallee Pipeline will receive the D&S product based on a standard water allowance of 2.5 kL per hectare and an additional primary allowance of 730 kL per rural household. Customers with a landholding of less than 40 hectares will receive a minimum standard water allowance of 100 kL (non-tradeable), plus the primary allowance (if applicable).

Growth water may be available, subject to system constraints. Further information can be found in the fact sheets on GWMWater's website www.gwmwater.org.au or by phoning 1300 659 961.

Agronomic recommendations

Varieties and authenticity

When purchasing planting material, authenticity of varieties and whether they are sold under Plant Breeders Rights regulations has to be verified. Selecting the right genotype for a production environment and end use is vital for all crops.

Site selection

Before establishing new sites, especially for perennial crops it is recommended to conduct a climate review and soil survey to identify any limiting factors, their potential impact on productivity and remedial actions including costs, technical feasibility and longevity of outcomes. Water availability and quality need to be included in the survey.

Site selection also includes the evaluation of the location in regards to labour availability, infrastructure, accessibility, local planning schemes and regulation and distance to suppliers (inputs, advice, R&D etc) and markets.

Given the need for high yields and quality, compromises in site selection must not be made.

Planting material

Quality planting material is vital. It is recommended to produce quality guidelines for planting material (seed, root pieces or transplants) and work with experienced nurseries or seed producers.

Out of specification material must not be used to plant commercial crops. Trying to resurrect a poorly developing crop is costly and full yield potential and profitability cannot be reached.

For seed, size grading, disease and germination tests are required; an age limit should be set and storage/packaging conditions defined. Seed from new sources should be tested for authenticity and seed borne diseases. It is not advisable to collect seed from commercial crops. Seed should be produced in isolation, away from commercial crops with excellent disease control to avoid seed borne diseases.

Root pieces purchased for propagation should have a required size range, maximum age and be kept under prescribed temperature and humidity conditions between harvest and planting. They must be disease free at harvest.

Transplants should have a minimum age and size. They must not be pot bound or poorly rooted. If produced from hardwood or softwood cuttings, cuttings should be collected from designated, healthy mother plants, grown away from commercial crops. Cuttings should have stem diameter and lengths specifications.

Crop establishment

Good crop establishment is a prerequisite for high productivity. It requires adequate timing, well prepared soil with a fine and deep tilth for root crops, good drainage, adequate soil fertility, pH and irrigation. A lead-time of up to 12 months and green manure crops or soil amendments based on soil tests and drainage may be required to prepare a new site for optimum establishment and production conditions. This needs to be reflected in budgets. The need for bed forming, mounding or deep tillage has to be considered, depending on site and crop e.g. for drainage. Local advice from other growers or experienced agronomists should be sought.

Information on optimum planting densities may be required.

Early weed control is essential for good establishment. Pests and diseases need to be monitored diligently and any pest and disease organisms must be identified and controlled. Information gathering on optimum pest, disease and weed control and pest & disease resistance will have to be ongoing. Products must be free from detectable residues. Minor use permits may be required to be able to use effective pesticides (www.apvma.gov.au/permits/search.php).

Crop management

It is important to keep records of management activities, inputs and yields. Regular crop monitoring for crop health, vigour, soil moisture, and nutrient status is essential. Crop rotation, best with 4-5 year breaks between crops of the same type, should be observed. If this is not possible, break crops such as mustards, grasses or grains should be used. A reduction in plant vigour, health, yield and quality has to be expected in most crops, if rotation is not practiced. Rotation, especially in root crops is vital for organic production. Drip irrigation is preferable to overhead irrigation, especially for perennial crops to keep crop canopies dry.

One of the essential requirements of good crop management is timing of operations and using the right equipment. Pest, weed and disease management is often ineffective when the correct timing is missed or the equipment is not suited to the task. Good general crop management advice will be available from trained agronomists and input suppliers.

Optimum irrigation and nutrition procedures will have to be established via monitoring and trials.

Harvesting and post-harvest management

The optimum harvest maturity for a crop often has to be established. It may vary depending on end use. Herbs for drying will be at their best at a different time as the same herb used for oil extraction. Fruit for fresh markets will most likely need to be harvested at a different maturity from fruit for drying. Roots must not become over mature to avoid loss of quality and rots.

As a rule, product loses quality with each hour delay between harvest and cooling or drying and delays of delivery to the market. Adequate packaging and storage conditions are vital and will vary and change depending on the product and market (dry, frozen or fresh, bulk or retail etc).

Guidance for assessing maturity and post harvest management should be taken from information on similar crops. Visits to packers or processors to investigate their equipment and management systems are recommended.

Not all product harvested will be of the same quality. The marketable yield may fall into two to three quality classes based on market requirements and external and/or internal quality parameters (visual appearance/active compound levels). The genotype and production conditions will have a major impact on marketable yield, which in turn drives profitability to a large extent.

Harvest technologies, efficiencies and timing and post harvest management, as well as achievable marketable yields are an area that often requires R&D for most new crops.

Equipment

Most equipment for small-scale production will need to be specific. General soil tillage and crop management equipment such as spray units will be an exception. Minimum tillage and controlled traffic should be practiced as much as possible, especially for row crops. It is recommended to get advice from local producers of similar crops on weeders, bed formers, harvesters etc as a starting point. In most cases, equipment will have to be modified or developed specifically for new industries.

Quality Assurance (QA)

Safe Quality Food (SQF) is considered an adequate QA system for food crops, unless markets have different requirements. SQF is based on a Hazard Audit, Critical Control Point approach (HACCP), which is adaptable to all crops. ISO standards will provide guidance on QA procedures in regards to business management.

Talking to a business that has gone through the QA process is recommended.

Monitoring, recording and review

All participants in the emerging industry should keep adequate records on e.g. production and processing details including costs, supply chain and market information, successes and failures, sources of information and physical resources, ideas etc. This information should be compiled in a central database for easy reference if possible.

Planning, timing of operations, monitoring and record keeping, data analysis and critical reviews of reasons for success or failure are essential. The HACCP documents e.g. include monitoring and recording requirements for production.

Monitoring and record keeping is also essential for all business and staff related activities. It is recommended to incorporate appropriate procedures into the QA system.

Intellectual property

Introduction

'Intellectual Property' is used synonymously with the term 'Industrial Property', and means tangible representations of intellect and creativity. It includes patents, industrial designs, trademarks, copyrights, confidential information, trade secrets and protection of plant varieties. Intellectual property protection is critical as it is a specialised type of intangible asset.

There are special Commonwealth intellectual property laws, which can be used by all persons and for all types of business, regardless of size, to protect their investments in their innovation against competitors. In addition, intellectual property rights may be protected by the common law and equity.

IP law in Australia

Commonwealth Statutes Governing IP Law in Australia

- Copyright Act 1968
- Patents Act 1990
- Patents Regulations 1991
- Designs Act 2003
- Designs Regulations 2004
- Trade Marks Act 1995
- Trade Marks Regulations 1995
- Trade Practices Act 1974
- Sydney 2000 Games (Indicia and Images) Protection Act 1996
- Olympic Insignia Protection Act 1987;
- Olympic Insignia Protection Amendment Act 2001
- Plant Breeders Rights Act 1994
- Plant Breeder's Right's Regulations No.352 of 1994
- Circuit Layouts Act 1989
- Circuit Layouts Regulations 1990
- Scout Association Act 1924
- Advance Australia Logo Protection Act 1984
- Commerce (Trade Descriptions) Act 1905

The Authority in Charge is: IP Australia, Ground floor, Discovery House, 47 Bowes Street, Woden ACT 2606, (PO Box 200, Woden ACT 2606), Phone (02) 6283 2999; Fax (02) 6283 7999, Website: www.ipaustralia.gov.au.

Distinct IP laws exist for different countries. A total of 24 International Treaties, Conventions, and Agreements govern the international field of Intellectual Property. Some of these spell out the international basic standards of Intellectual

Property Rights (IPR) protection in each Member State. Membership or ascension to International Treaties and Agreements vary for each treaty and agreement. The site www.globinmed.com can be searched for memberships and IP protection laws and requirements in other countries.

IP for horticulture

For most plants and plant products there are two main options of IP protection. These are Plant Breeders Rights (PBR) and Trademarks & Branding. It is an important prerequisite for IP protection that all plant material used for production in Australia has entered the country according to the Australian Quarantine Inspection Service (AQIS) biosecurity regulations and that the relevant documentation is available for audits. For information refer to: www.daff.gov.au/aqis/import/plants-grains-hort.

Plant breeders rights (PBR)

Australia is a member of the International Convention for the Protection of New Varieties of Plants (1 March 1989). Under the Plant Breeder's Rights Act (1994), breeders, whether Australian citizen or not, may seek protection for new plant varieties that:

- Have a breeder
- Are distinct
- Are uniform
- Are stable
- Have not been exploited

The duration of protection is 20 years from grant, or in the case of trees and vines, 25 years from grant. Breeders who have gained protection under PBR legislation are entitled to receive royalties from the commercial exploitation of their protected varieties. It is the responsibility of the producer to ascertain whether the plant they wish to grow is covered under PBR and to whom royalties are due.

Trademark & branding

Australia is a member of the International Trademark Law Treaty (soon to be named Singapore Treaty on the Law of Trademarks) since 21 January 1998. Trademarks can be registered for Australia only, individual other countries or groups of countries.

Trademarks, consisting of a name and logo should be developed or any existing names and logos reviewed for the pilot marketing phase. It is important to investigate whether both, the name and logo can be registered. This can be checked on-line via: www.ipaustralia.gov.au/trademarks/search_index.html

For further information about intellectual property in horticulture please consult the Intellectual Property Australia Website at www.ipaustralia.gov.au

Commercialisation of new products

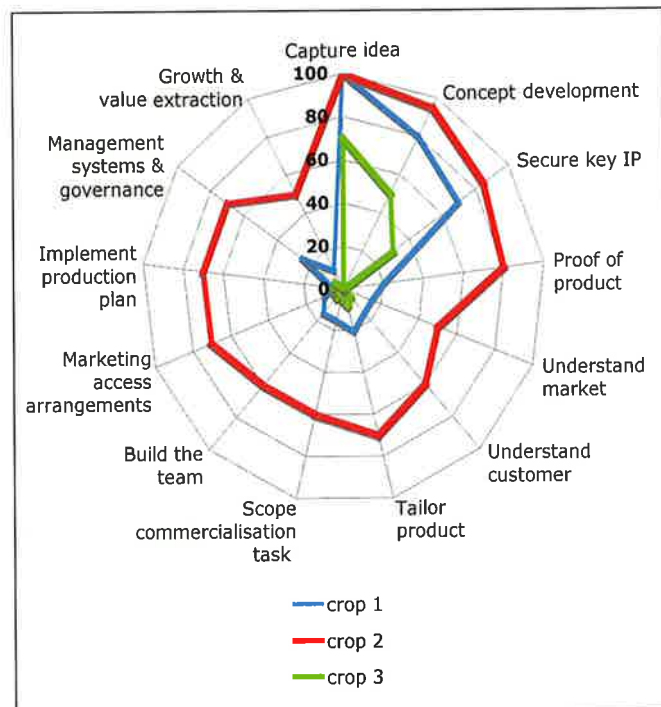
The Commercialisation Pathway

It is recommended to evaluate commercial readiness of a new product idea using criteria as shown in the Commercialisation Pathway table below. It has to be remembered that a crop is not a product. Appendix 1 provides more detailed information on commercialisation steps that need to be completed. If a product is not 'ready' the process will identify the gaps that need filling through further investigations.

Business Name	Commercialisation Steps
1. Finding and defining the opportunity	1.1 Capture idea
	1.2 Concept development
	1.3 Secure key IP
	1.4 Proof of product (product definition, pilot sales)
2. Proving the opportunity	2.1 Understand market
	2.2 Understand customer
	2.3 Tailor product
	2.4 Scope & size commercialisation task
3. Commercialisation	3.1 Build the team
	3.2 Market access arrangements (set up and manage)
	3.3 Implement production plan / distribution
	3.4 Implement management systems & governance
	3.5 Growth & value extraction (or exit plan)

The Commercialisation Pathway graph below shows a graphic example of assessment results for three fictitious products. It highlights that crop 2 has a higher degree of commercial readiness than crops 1 and 3. A similar approach can be used to illustrate the commercialisation status of your service or product. The percentages indicated in the graph give the level of completion of the chores; 100% signifies a high level completion.

It is important for each step/sub-step to go through a plan – do – review cycle to ensure all issues have been attended to for one step prior to embarking on the next.



Scoping the commercialisation task

The commercialisation process requires formulating strategic, business and operational plans (= step 2.4 in the commercialisation pathway table) before embarking on the final commercialisation steps (3.1 – 3.5):

- Strategic plan – defining the vision and long-term goals.
- Business plan – projecting intermediate/tactical activities and finances.
- Operational plan – describing immediate and short-term activities (production plans, technical requirements and annual budget).

The strategic and business plans should identify possible strategic alliances, cooperative production and potential funding options.

Developing a plan

Business planning

While a strategic plan is important to capture the vision, set long-term goals and thus determine the general direction of development, compiling business, marketing and operational plans are an essential part of the commercialisation processes.

Numerous business and marketing plan templates are available from a range of sources and qualified consultants can assist in the planning process, if required.

A business plan template can be found at www.business.vic.gov.au/BUSVIC/STANDARD/PC_62526.html

The basic contents of a business plan should be:

- General Business Description
- Products and Services Description
- Marketing Plan
- Operational Plan
- Management and Organisation
- Business or Personal Financial Statement
- Start-up Expenses and Capitalisation
- Financial Plan
- R&D plan
- Appendices

Competitor analysis

As part of making a decision on a product for a certain market segment, a competitor analysis should be completed to analyse opportunities and risks. The following table shows the type of factors to consider; others may be added.

Factor	Importance to Customer	Business		Competitor	
		Strength	Weakness	Strength	Weakness
Product					
Price					
Quality/consistency					
Selection/range					
Service					
Reliability					
Stability/fluctuation in supply					
Expertise					
Company Reputation					
Location					
Appearance					
Sales Method					
Credit Policies					
Advertising					
Image					

Supply chain considerations

The larger players in an industry usually buy from merchants and wholesalers rather than directly from producers. Try to identify buyers who see an advantage in direct relationships with producers.

Key principles of supply chain management to be considered are:

- Focus on customers (understand their key buying reasons, KBRs, and select customers whose needs can be met in regards to volume, quality and timing).
- Get the product right (for yourself and the customer).
- Develop effective and efficient logistics and distribution (understand how often and how product changes hands, how long and under which conditions do they stay at each distribution point).
- Form, manage and sustain relationships (know everybody involved in person).
- Have an information and communication strategy (keep in touch regularly and communicate up and down the chain, understand which information is required for each part of the chain).

Even though the above points appear 'common sense' producers often neglect them. For further information about establishing a small business please refer to the Business Victoria website at www.business.vic.gov.au.

Key contacts in the region

Department of Primary Industries

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www.yarriambiack.vic.gov.au

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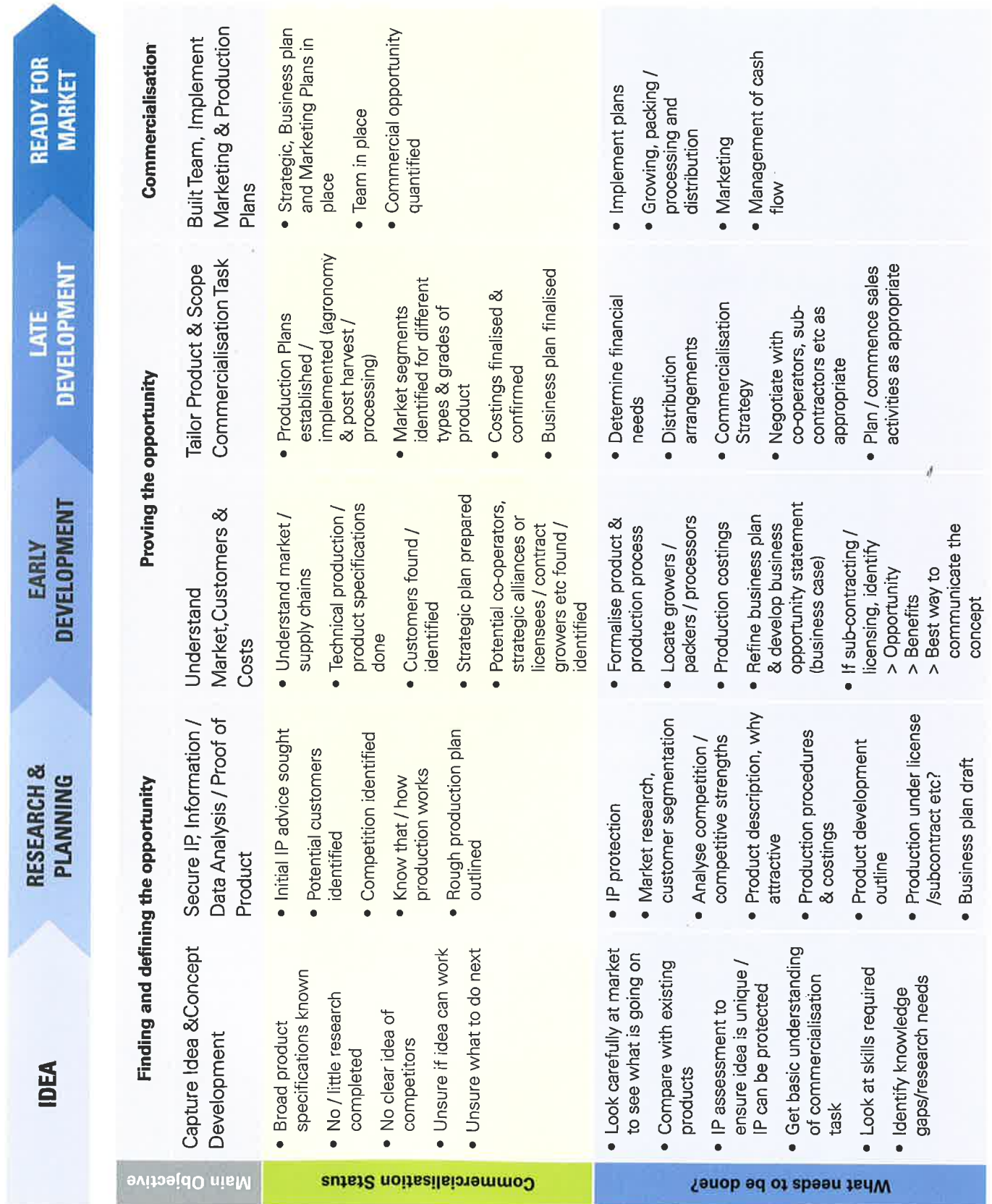
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Appendix 1: Commercialisation flow chart



Notes





the wimmera
Everything you need.

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