RISK MANAGEMENT AND LIABILITY IN AGRITOURISM BUSINESS DEVELOPMENT

Managing an agritourism enterprise involves balancing business and personal risks and rewards. While the rewards are often defined as opportunities to increase income, diversify farm/ranch revenue streams, educate consumers, connect with community businesses, and bring family members back into the agricultural business, the risks can be harder to define. For example, types of new risk exposure range from physical hazards on your property, to local, state or federal regulations that impact your ability to start or expand your business.

Assessing your business-specific risks allows you to identify and exclude those alternatives that expose you to unacceptable risks and helps you select the best combination of risk management strategies for your operation. *Risks that you should consider and evaluate include:*

**LEGAL RISKS**

- **REVIEW** your insurance policies for your farm/ranch, vehicle, products and employees.
- **ASSESS** hazards on your property and develop a plan to manage them.
- **PREPARE** for emergencies that might occur (impacts of weather, accidents involving customers).
- **UNDERSTAND** and **COMPLY** with:
  - Tax remittances for business taxes; lodging taxes; state, local and other district sales taxes.
  - Regulations for local land use and permitting, state access to public lands, and food safety.
  - Regulations concerning hiring and retaining employees including Fair Labor Standards Act (federal, state); Child Labor Act (federal, state); Occupational Safety and Health Act (federal, state); Workers’ Compensation (federal, state); Unemployment Taxes (federal, state); Income Tax Withholding (federal).

**BUSINESS PRODUCTION RISKS**

- **HAVE** a contingency plan to offer an alternate activity to visitors if weather or crop failure impact your agritourism operation, and understand the capital, legal and human resource risks associated with offering alternate activities.
- **ASSESS** your knowledge and management capabilities for an additional enterprise, as well as any additional capital investments you would need to make.
• **UNDERSTAND** additional labor requirements of a new or expanded enterprise.

• **PROJECT** the potential profitability of any new enterprise and existing enterprises.

• **ALIGN** your marketing plan with your financial plan to make sure that income from marketing covers cash flow needs.

• **CALCULATE** operating costs, estimate your revenues, and evaluate comparable businesses’ pricing to determine your own pricing structure.

• **UNDERSTAND** how your short-term and long-term goals affect your financial planning.

• **EVALUATE** the implications of a crop failure, livestock disease or other production-related incident on your agritourism-based cash flow and income potential.

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**RESOURCES FOR EVALUATING AND MANAGING RISKS WITHIN AGRITOURISM BUSINESSES**

**Health and Safety**

1. **Integrating Safety into Agritourism** Website contains detailed sections on:
   a. Risk management walkthroughs
   b. Communicating with guests
   c. General insurance guidance
   d. Checklists for assessing your operation
   e. Resources, including signage

2. **Agritourism Health and Safety Guidelines for Children**
   a. Policies & Procedures (Supplement A)
   b. Worksite Guide (Supplement B)

**Worksheets**

1. **Worksheet 1 – Potential Agritourism Enterprises**
2. **Worksheet 2 – Family Business Partner Assessment**
3. **Worksheet 3 – Community Resource Worksheet**
4. **Worksheet 4 – Farm Ranch Work Calendar**
5. **Worksheet 5 – Example Task Analysis**
6. **Worksheet 6 – Risk Identification Exercise**
7. **Worksheet 7 – Risk Assessment and Management**
8. **Worksheet 8 – Sample Inspection and Repair Checklists**
9. **Worksheet 9 – The Servicescape**
10. **Worksheet 10 – Strategic Marketing Plan**

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**Legal and Regulatory Issues**

1. **Regulations Overview for Colorado**
2. **Hosting Safer, More Legally Secure On-Farm Events**
3. **Top 10 Ways To Limit Your Liability**
4. **Do you need a Retail Food Establishment License for your Agritourism Operation?**
5. **Liability signs from the Colorado Agritourism Association**
6. **Agritourism Operations for Your Farm or Ranch: Understanding Regulations**
7. **Agritourism Operations for Your Farm or Ranch: Where to Start**

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Dawn Thilmany, Shermain Hardesty, Martha Sullins, Rebecca Hill, Anders Van Sandt, Diane Gaede, Penny Leff, and Sarah Low | AFRI # 2014-68006-21842