



# USDA Direct Farm Loans



## Customer Journey Mapping

**FINAL REPORT**

**Volume 3: Stories**

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**General Services Administration**

Customer Experience Center of Excellence

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This is the third volume in the Direct Farm Loans Customer Journey Mapping Final Report. The first volume describes what the Customer Experience Center of Excellence (CX CoE) learned about FSA direct loans, their staff, and customers. The second volume is intended to communicate how we made these discoveries. This volume contains observations in the form of stories captured during field visits.

# About the Stories

At the close of every field research day the researchers gathered to capture and discuss the observations for the day. Some topics and conversations were rich with detail, and lead to these stories.

These stories are composites, sometimes bringing in details from several interviews in order to communicate the observations in a compact and impactful form. Names have been changed, and although all the illustration included came from our visits, they don't necessarily depict the stories they appear in.

# Michael

Michael is an Old Order Amish dairy farmer living in Romulus, New York. Born and raised in Pennsylvania, he belongs to a family that's been dairy farming for more than three generations. Michael started working on a neighborhood county farm at the early age of 17. In 2008, he moved to New York to help his brothers in their business. He currently owns 55 jersey cows and 50 acres of corn fields.



For Michael, it's been a fight for survival. Unlike most dairies which adopt modern technology and use advanced equipment for milking, breeding, and protecting cows to achieve high production and revenue, he is committed to his community's traditional ways of farming. He fears the frenzy to be technologically advanced could weaken his community culture and heritage.

In 2009, while looking for avenues to finance the loan, he learned about the Farm Loans program from the loan officer at a community bank which had turned down his application. Michael got a Farm Credit loan for his dairy. Except for the overwhelming paperwork and the processing time required, he felt the process was rather smooth. He says his cordial interactions with Peter, the Loan Officer, helped things work out efficiently. After he faced heavy losses when milk prices went down following a drought, Michael took up Peter's suggestion that he get into organic production, and this is working out.

Michael doesn't participate in FSA commodities or disaster protection and recovery programs, which he sees as handouts. However, taking and repaying loans is an appropriate activity in his community, and he values the benefits he's received through the Farm Loans program. At the same time, he feels the government should do more for small dairy farmers, who can't benefit from the economies of scale of the industrial dairies.

Michael's approach towards life challenged us to think beyond technology. For instance, he felt many ideas, like "check your loan balance online," could be valuable - as long as we added other options to the word "online." From this meeting, we learned how important it is to think of different approaches and to leverage all possible channels to solve a problem. High technology isn't the answer to everything.

# Digital Marketing

John owns a beef farm and 325 acres of corn fields in Savannah, New York. Originally a dairy farmer, he found it hard to single handedly milk cows and market his dairy products to local markets. After incurring losses in business, he sold his cows and started working at a local business. He soon realized his interests were more towards farming and decided to start a beef farm.

John got a loan from the community farm bank to buy farm land but had a tough time paying it off due to unforeseen family expenses. He learnt about FSA's operating loans from the ASCS (Agriculture Stabilization and Conservation Services) office in Lyons and thought of financing his loan through FSA. He likes that FSA enables him to 'assign' EFT payments directly to the local bank while giving him a year to pay it off, a benefit not available with commercial lenders.

John and his wife Carol enjoy the face-to-face interactions and phone conversations with Karen, the Farm Loan Manager, in charge of their loan and say they are not too keen on online methods for outreach. Their son, Shawn, who manages the marketing for their produce, has been successful in reaching out to processing outlets in NYC, Buffalo and Rochester



through a dedicated online website and marketing platforms like Craigslist. John admits that they wouldn't have been able to sustain if it wasn't for the internet and their son's marketing skills.

John believes his relationship with FSA is strong, not only because of having had a good experience in the application process but also because of his conversations with Karen, whose advice has helped the family improve yield and profits. From this conversation, we learnt that the producer-officer interaction is key to delivering an excellent experience for the producers. Since most of the loan officers are or have been producers themselves, they'd go an extra step to help their customers

# Growing Pains

Trevor grew up on a dairy farm and has always loved the agricultural life. After getting his degree he worked as a full-time pharmacist. It was a good job, but he had the farming itch. He started exploring maple syrup on the side, thanks to the maple trees on his old farm. The hobby transitioned into profession, and fueled by the growing demand for maple syrup in Vermont, New York, and Canada, he started looking at ways to market his products to make extra money. Networking events, webinars, and trade shows proved helpful in learning the tricks of the trade and connecting with outlets like Whole Foods and international markets.



To get started, Trevor approached a commercial bank and was able to get a loan that would partly finance his plans. He researched ways to get money for the rest, and found out about USDA through online research. He connected with an FSA Loan Officer in Pennsylvania, and was able to get an operating loan to meet his goals. The officer's background and knowledge of maple helped them

find common ground while working on the application. Trevor was only able to get the loans because of his income from pharmacy; he knows others with similar ideas but without the financial backing will miss out. Trevor expanded his operations into the Fingerlakes region of New York, and currently has a loan with FSA that helped him buy land increase maple production. He feels the application process can be more streamlined, and paperwork related to QuickBooks and payments could be automated. This is something commercial banks have always done, and as a result they are faster in processing applications than FSA. Waiting six months to get the loan approved, which is how long it took, isn't always an option. He had to close on the loan before he could close on the property, which made the deal a very close thing. The degree of stress he and his wife went through was excessive.



Trevor feels it would be helpful for FSA to provide better explanations of what loans are available, how the process will work, and what you can use the funds for. Producers might be willing to consider different loans with FSA if they understand what they are eligible for and how it might help them.

Trevor is now interested in diversifying his production, and wants to get into apple farming. His property is right on the Wine Trail. Apple cider and hard cider would be a natural addition in this region. It'll be easier for him to get into this sort of thing, now that he's established a firm base

# The Value of a Good Loan Officer

Travis isn't sure that he wants to be the fifth generation of farmers in his family after opening up the thick packet of forms that arrived in the mail. He had visited Lorain, the loan officer that his dad works with at Farm Credit, but she couldn't help with a Farm Ownership loan because he didn't have enough land and equipment to meet their security requirements. She suggested that Travis contact Bob Ford, the FSA Loan Manager that served Travis' county.

Travis used Google to search for information about FSA loan programs, but was unable to figure out what they offered and what his options were. He arranged for a visit to Bob Ford's office. The next week he was in Bob's office discussing what he needed.

Bob seemed annoyed that Travis was taking up his time, and didn't really seem interested what Travis was trying to do. He cut Travis off after five minutes and told him that a direct loan was the right thing option for his needs. Bob would have someone send him a loan packet. Now the packet arrived, Travis isn't so sure that this is the



right option for him. The application asks a lot of questions about entities and cash flow that Travis doesn't understand, but he also doesn't feel that he can ask his loan officer Bob for help filling out the inch-tall stack of forms. His Grandfather always says that dealing with the Government is usually more trouble than it's worth, and here's more proof.

Travis has to decide to either struggle through the next 5 to 10 years while he gets enough experience and cash together to farm on his own with commercial credit, or keep bothering Bob to try to make the FSA loan work.

# Whatever It Takes



Originally an outsider in a tight knit community that doesn't easily include outsiders, Jeremy stands

tall as a pillar of the local agricultural community in Harmon county (and neighboring counties). He is known for his willingness to figure out a way to help the producers secure funding for their agricultural needs.

“People are drawn to Jeremy. He is going to find a way to help you in any way possible,” and “He understands my business,” are some things FSA borrowers who have worked with him say about him.

Unfortunately, redundant application requirements, slow IT systems and processes keep him from being able to get funding to farmers faster. He tries to work around these barriers. For instance, he applies for an appraisal before the application is even complete because appraisals take a long time. He does not ask for signatures on earlier forms until closing. He secures “bridge loans” with banks for producers who have been approved.



Jeremy lives by the motto of the lender of first opportunity and he instills in his team the same value of going above and beyond to help producers secure funding.



# Closing This Loan

Phil the loan officer is spending a rainy day working through a pile of 4-inch-thick loan files for loans that are in process. He's currently looking at the file of Melinda and Jody, a mother-daughter pair who wish to buy cattle and a small piece of improved land to replace the chickens that they were increasingly frustrated with raising.

Phil remembers making the approval recommendation for the loan 3 months ago, but the loan amount is large enough to require several levels of approval, mainly two people that he's pretty sure don't know one end of a cow from another, and certainly don't know the gestation period for a cow. Melinda knew that the gestation period for a cow is nine months off the top of her head, and that was what convinced Phil that to give her the first loan several years back. She had done her homework.

In any case the added approvals each tacked on weeks to the process before he could tell Melinda and Jody that they had been approved. Today is two months later, and all the pieces have fallen into place:

1. The Achesee Creek tribe representative returned his phone call in an afternoon to tell Phil that they had no concerns with the land in question
2. The State Historic Registry on the other hand took a month to say that they had no interest in an older structure there
3. Phil had visited the site to ensure that there weren't any undisclosed spills or other environmental concerns that would affect the value of the land being used as collateral
4. The groundwater report showed no evidence of highly degradable land on the property, which could have



prevented FSA from giving any loan for the property

5. The appraiser needed a month to discover that the legal description of the land produced in 1947 was not accurate
6. The appraiser ordered a survey of the land which adjusted the purchase by .9 acres, which wasn't enough to change the loan terms, but did add another two weeks to closing time

Today the title lawyers has emailed in the updated legal description of the land, and provided information about the title insurance policy, so there is no further barrier to closing. Since it's raining, Phil is pretty sure that Melinda and Jody are available later that same day to come into the office and sign closing papers. He gives them a call and they plan to come in at 3pm. This is enough time to review the file one more time to make sure that everything is ready, and to highlight the 45 places on 11 forms where both borrowers will need to sign their names.

Since duck hunting talk was kept to a minimum, the process took about 20 minutes, and \$100 was transferred into their account (as is required to kick off the loan), they can request additional funds to be transferred into their checking account as they need the funds for land and livestock purchase. Both leave the office anxious to get started with their new endeavor.

# County Committee Meeting

Mike is a little nervous about the County Committee meeting that he is about to step into. He became a committee member to give something back to his community, and the FSA loan program that allowed him to keep farming in Douglas County.

“FSA has helped me when nobody else would,” thought Mike.

FSA loans allowed him to buy his first 40 cattle and 30 acres of corn to help feed them, and now he’s farming about a thousand acres and running 300 head of cattle, although he still relies on his part-time job at FedEx to fill in the gaps in his liquidity. Mr. Alphonse, guided him through the loan process 10 years ago, and now he thinks his son Wade is interested in agriculture too. Mike would be proud to have his son take up farming, but wants Wade to take the initiative and contact Mr. Alphonse, the FSA loan manager, when he has a plan for what he wants to do.

Mike was in the same position 10 years ago, just out of school and eager to get started on some land that his grandmother was going to let him use. Back then his father, who farmed for a short period of time in the 1980s, told him about the FSA, and the loans that might get his operation off the ground. These days kids respond to different messages from different sources, and he’s not sure that the FSA office in his county has materials that speak to young people in plain language about the realities of farming and the opportunities that are available. Young farmers aren’t necessarily the same audience at the “New Farmers” that some of the current FSA messaging is focused on. He would like to see something aimed at young people like Wade. This is one reason that he is nervous; he wants to discuss this opportunity with the County Director and the Committee.

The other thing making Mike nervous tonight is the hearing scheduled for his neighbor Fred Gobel. Fred wants the committee to make an exception to a crop reporting deadline for him



that prevented him from collecting a few thousand dollars in program money. Fred was planning to retire, and didn’t report his acreage last year, and his tenant had already filed for the land. Fred contacted Mike because he was a committee member and asked him to help reverse the current opinion of the FSA Program Chief so that he could collect the \$2000 dollars he missed out on.

Mike doesn’t think that he can support Fred’s request, even though it will probably lead to some animosity with the Gobel family around town. The renter filed the right paperwork to farm the Farm ID in question, and it simply wouldn’t be fair to him. Mike is also uneasy about the chance that the terms of a rental agreement will become public knowledge. This is a violation of the public trust that had affected hiring decisions in the past.

This might all lead to an uncomfortable meeting, but at least they weren’t discussing service center consolidation again. In Mike’s view, the lost of another local Service Center would be the biggest mistake that the FSA could make.



# The Conservationist

Jared has worked for NRCS as a soil conservationist for two years. Jared believes that producers typically learn about NRCS programs from outreach materials or from conversations with other producers. When a producer comes in to inquire about NRCS, they must first be 'registered' in the SCIMS system that is managed/updated by FSA. So Jared walks the producer across the hall to the FSA staff to get the producer's personal and farm/tract information entered in to SCIMS.

Once entered, Jared discusses what the producer wishes to do with their farm, and answers questions about the various NRCS programs. Jared guides the producer to choose a program best suited for their needs, if any. Jared also helps the producer complete the application, which includes the conservation plan the producer is agreeing to execute in exchange for NRCS funds. An important element of the application is ensuring that the applicant actually owns the property or if not, that they have the authorization from the owner to make modifications to the property per the contract. Today, Jared's plan was to prepare and update conservation contracts for certain producers.

Jared strongly believes farmers would be reluctant to use computers to 'connect' with USDA staff because they prefer a personal connection. In Jared's experience, producers are far more open when having dialog in person than they are over the phone.

All applications for NRCS programs must be submitted by a specific deadline for consideration. In addition to the application, which is not very complicated, the producer must answer a set of questions that helps rank their application against other applications. The



ranking is used, along with other qualifiers, to help determine which applications submitted for the same deadline will get approved and which will not.

Producers who get approved work with Jared (or another conservationist) to execute the plan described in the conservation contract. Once awarded, the producer will get paid for each incremental step of the plan they complete, versus having to wait until all the work is completed.

If the application is not approved, then the producer can elect to resubmit the application for the subsequent deadline or the following fiscal year. All the application information carries over for the resubmission, so there is low effort in doing so. The producer may also elect to apply, instead, for a different NRCS program, and again, all the application and contract info carries forward to the new application so there is minimal effort. Producers who do not get approved are disappointed but typically are not irate.

"Farmers, especially older farmers, will not trust someone they cannot physically see.

# A Program Technician for Loans

Nancy is a program technician who has worked with FSA programs for 12 years before working for FSA Loans for the next three years. She has no personal experience with farming, nor does she have any prior experience in lending. Nancy very much enjoys her job, largely because the staff is very helpful and gets along well.

Since Nancy does not have much interaction with producers directly, except for those that call asking where their loan application is in the stack, she could not identify any pain points for the producers. She also could not think of any specific pain points in her own job now that her IT woes (e.g. slow computer/network) have subsided. Basically, she feels they have a good process in the office and is very content.

Nancy's duties pertain to supporting the loan officers manage the loan paperwork and related notices. For example, she might set up assignments in the USDA financial application so any outgoing payments from other FSA programs the producer participates in are sent directly to the Farm Loans program to pay down the loan obligation first before sending the producer any funds that are left over. Notably, she completes these assignments based on information the loan officer collects from the producer – she does not have the ability to readily identify in which programs the producer currently participates.

Nancy's focus today was prepping forms for a closing that is scheduled for next week. She had just received the closing date, so she is now able to fill out the date on the forms and print



them out. She spent most of her time collecting the forms she needs to print from folders on her computer – Nancy did not need to use any USDA systems to accomplish this task. The forms were mostly completed already because she did that as soon as she knew the loan would close even though she did not have the closing date. So she added the closing date to the forms, printed them, and organized them in the loan folder, which has very specific instructions for which form goes where inside the folder. She uses a checklist from her handbook that she has augmented with her own notes to fill some gaps to know which forms are needed and where to place them in the folder.

She also uses a separate checklist provided by the loan manager that ensures all the required paperwork for that specific loan is completed. She finds that checklist indispensable because it's an easy way to keep track of everything without having to check with others in the office, or search through the folder for information. Nancy closed out her day by beginning to process paperwork for a newly closed loan, which included securely storing important loan documents for safekeeping, and entering loan information into the system to issue the funds.

## 18 More Cattle

A young, newly married couple, Beth and Peter, have each obtained their own FSA loans. Beth's family does not have a background in farming, but she was drawn to agriculture nonetheless, and decided to open a cattle farm with 16 cattle.

Beth closed on her first loan in a different service center to open that cattle ranch, after sitting through a required 10-hour training course on a single day. After getting married to the man she met in college, she moved to be with her husband, and needed approval to move her cattle with her. Unfortunately, she had some difficulty getting her original FSA office to approve her moving the cattle, only because they were too busy to look at it, which delayed her move by several months, even though she had already given notice to her employer. So she asked that the approval be handled by the new service center where she was moving, and though they were even more busy, she was able to get the approval processed within two weeks.

She came into the service center today to close the loan to buy 18 more cattle. Though she acknowledged the loan paperwork for the loans was arduous, her experience was largely positive, and she recognized that her farm could not have started without her FSA loan.

Her husband Peter accompanied her for the closing today, and he has also had multiple FSA loans to start a row crop farm with his brother, and together they now own about 1000 acres. Peter agreed the paperwork was substantial (even more so than Beth's) but also attributed owning his farm in the first place to the FSA loan. Peter also had to receive training to get the



loan, though his was provided for a few hours in the early evening over several days. Peter also received some guidance from a fellow farmer who provided spreadsheets for record keeping, which he said was essential to be a good farmer. Both Beth and Peter agreed the training was helpful, and overall each was willing to put in the extra work necessary to get the FSA loans.

Peter and Beth agreed that they do not know much about the NRCS programs because it is hard to find information readily. Peter has heard about NRCS programs from other farmers, but he finds some farmers are reluctant to talk about it because NRCS funds are limited, and farmers have to compete for those funds. Peter's primary concern with the FSA loans was the \$300k limit that constrained how much funding he could get, particularly if he needed both equipment and operations funding because that limit applies to both needs together, not separately.

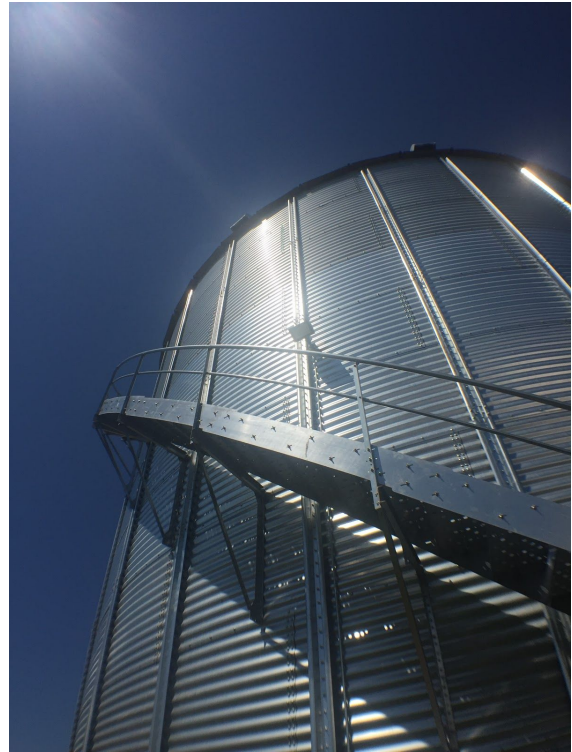
Regardless, Peter and Beth walked out of the office, shaking hands with the loan manager, happy to be able to expand Beth's cattle farm.

"You can't start a new farm without an FSA loan."

## Not A Part-Time Job

Farming is the only life Jack has ever really known, having been raised in a family that has been farming for five generations. If Jack were not farming, he'd likely resort to trucking due to his own experience with that profession. Jack is older now than the young man who set out to start his first farm, and has seen many changes in the industry, and in his experience farmers today face other challenges that did not exist decades ago.

The mechanics of farming are basically the same, but the rigor required for paperwork and documentation has increased considerably, particularly since 9/11 when producers were driven to codify their procedures for food safety, not through legislation (which only passed last year), but through the expectations of markets he sells to. Further, to survive today, row crop farmers must adopt crop diversification to be able to weather the variations in demand and pricing. Jack, for his part, rotates between a large variety of crops annually: cotton, turnips, peanuts, collards, mustards, watermelons, peppers, cabbage and eggplant. While yesterday's farmer could earn a living farming half the year with breaks in between, these days Jack needs a year round operation, and efficient business practices to stay afloat. For



example, when trucking produce out to a market, in the past that truck would come back empty, but he now brings back the truck full of items he needs.

Jack's farm operation is in a county that centers around agriculture – agriculture *is* the culture in this county. In fact, it was in school when Jack was a child that he first heard of what was previously known as the FHA. So when Jack was ready for his first loan, he knew exactly where to turn for help. Unfortunately, Jack's first loan officer was not very helpful, and he was turned away a couple of times before he was introduced to John at the Moultrie Service Center, who was far more supportive. Jack has seen that some banks are far too conservative in their risk assessment and are reluctant to offer

loans to certain borrowers – a practice that Jack believes filters out producers who might otherwise have been successful or turns them away from farming instead of nurturing them. In this way, Jack notes FSA’s approach is different, which actually encourages beginning farmers to start their own operation. Jack’s first direct loan was successful, and he graduated to a guaranteed loan, and then graduated again to commercial loans, but he believes the FSA loan limit of \$300k is too low these days and can only support a small operation.



Today, Jack straddles the technology curve. He’s learning to adopt new technologies into his operation – he keeps an iPad for record keeping in his equipment and his wife manages the books in Quickbooks – but still prefers an in-person interaction to impersonal emails and texts when conducting business. Jack is resolved to continue adapting as his environment changes (e.g. technology, legislation, agronomics, etc.), as he has for decades, but more so out of necessity than from internal desire.

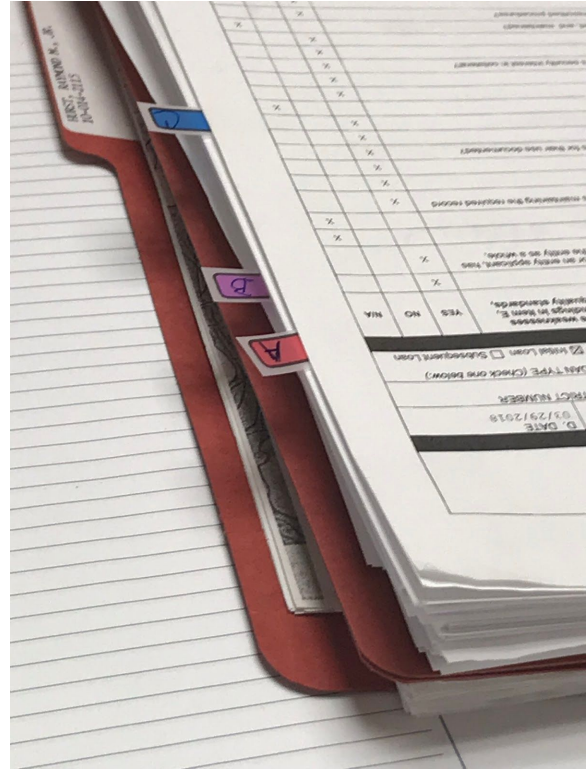
# Great Expectations

With 18 years of experience as a loan officer, Joaquin views the FSA loan program as a mentorship program to teach producers how to acquire credit from any source. So Joaquin not only helps producers obtain lending from him, but also offers guidance and support to make them successful.

To Joaquin, the path to success begins with the producer obtaining the loan quickly, so Joaquin has curated his own practices for efficiently processing loans. In fact, Joaquin proudly asserts that he might have only two incomplete applications per year, and when provided a complete application, he can get that loan processed within 2-3 days. When not otherwise distracted, he can process 2-3 loans per week.

To meet these goals, Joaquin carefully outlines detailed instructions for producers on how exactly to fill out the forms. While the instructions may be customized a bit based on certain variables, they are largely the same. Joaquin attributes his remarkable efficiency to the emphasis he places on delivering these instructions, making sure the producer walks out with a clear understanding of them, and then rigorously following up with the producer ahead of the 10 day deadline.

Joaquin's attention to customer service even extends beyond the loan application process. When a producer is denied a loan



(about 20% of applicants), Joaquin is sure to inform them the reasons the loan was denied, and further, what exactly the producer can do to become eligible in the future. From this guidance, many previously denied producers will come back years later to successfully obtain their loan from Joaquin.

Joaquin also introduces producers to other FSA programs that may benefit them, and routinely meets producers at the nearest service center to them out of concern for their convenience. Joaquin leaves the office at the end of a good day feeling his mentoring and extra support has put another producer on the road to a successful operation