



# Sustainable Business Planning

An Organic and Permaculture Approach

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6-10-13

# Objectives

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- ❖ Student will gain understanding of basic principles of a “sustainable” business
- ❖ Student will learn how to measure farm work productivity and measure profitability

# Definitions

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- ❖ sustainable: a practice that does not deplete natural resources
- ❖ gross sales: overall total income before expenses
- ❖ expense: cost or charge
- ❖ net profit: gross sales minus expenses

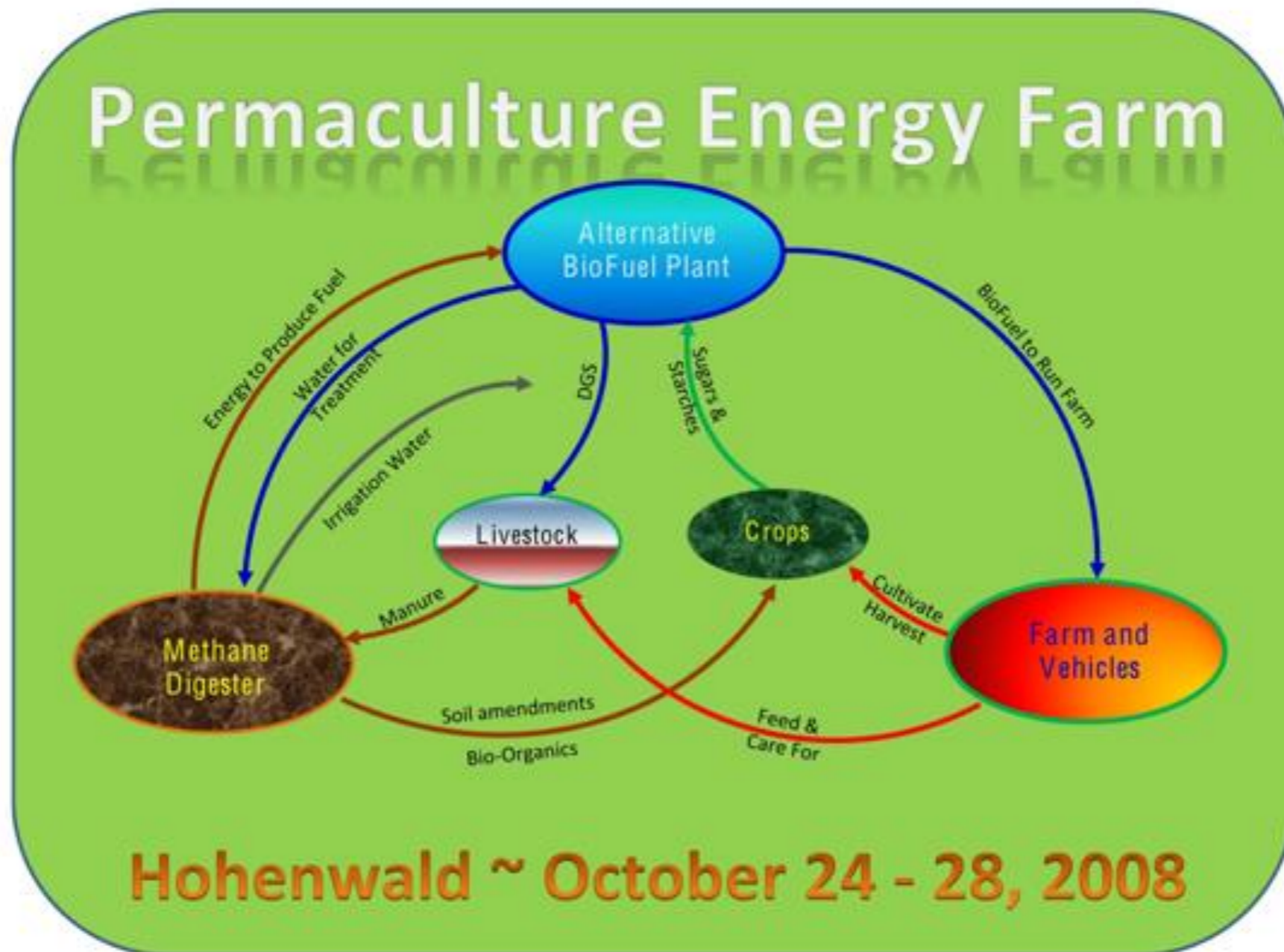
# A sustainable farm...

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- ❖ Provides a living for the farmers AND improves the quality of the land
- ❖ Wendell Berry: In addition to asking, “How can this land provide our living?” also asks, “What does the land need?”



# Permaculture looks at the whole cycle of a farm when designing the farm system



# A sustainable and permaculture business...

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A sustainable organic and permaculture-based farm takes into account more than money.

There are 3 parts:

1. Social
2. Environmental
3. Economic

# 1. Social

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- ❖ How are people impacted? What are the impacts of your farm methods on your local community? On your family? On you? On people thousands of miles away?



# 2. Environmental

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- ❖ How is the air affected by your farm? The soil? The water?





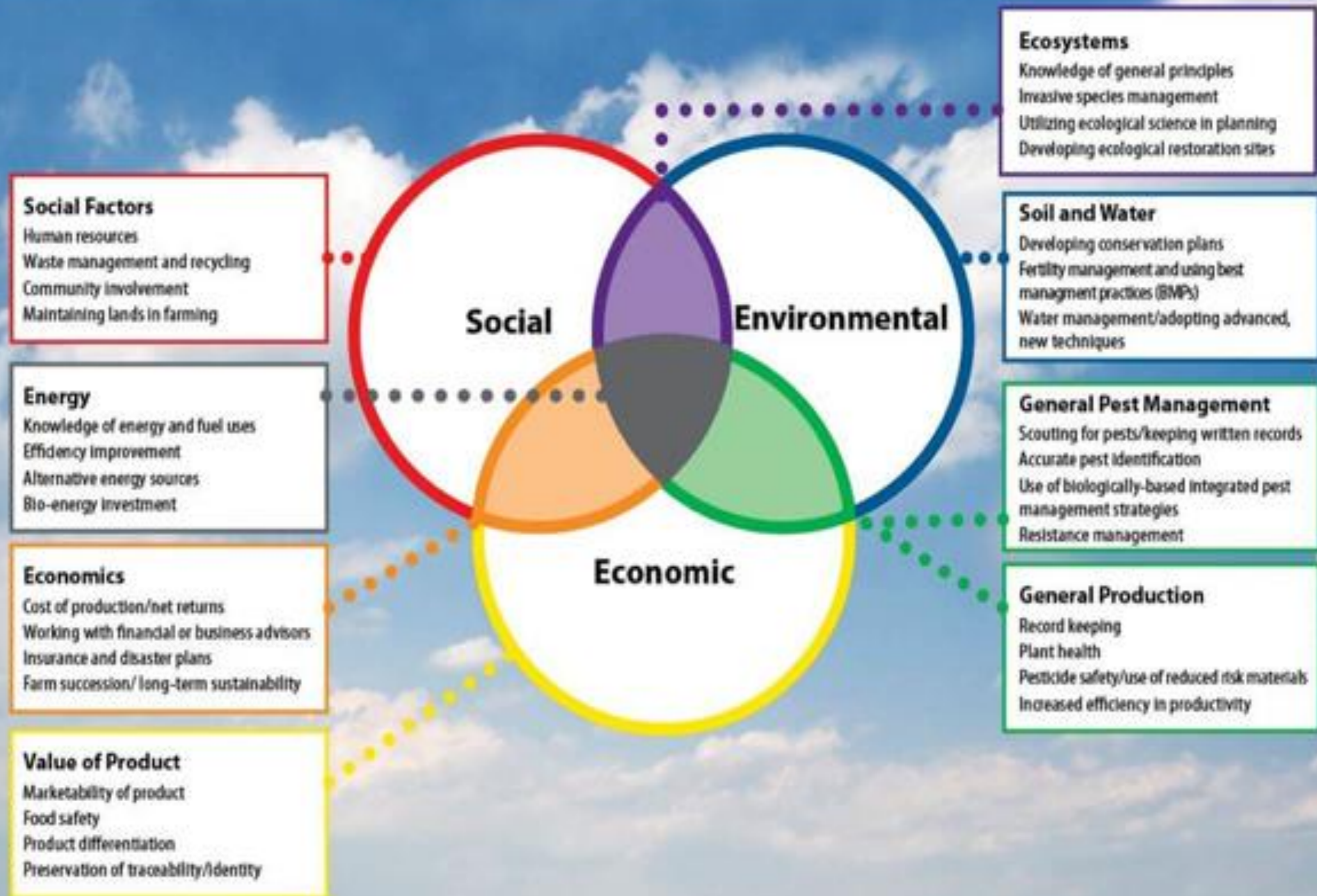
# 3. Economic

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- ❖ Does your farm produce enough to pay the bills?



# Three Elements of Sustainability



# Consider these 10 successful practices in designing your sustainable farm business

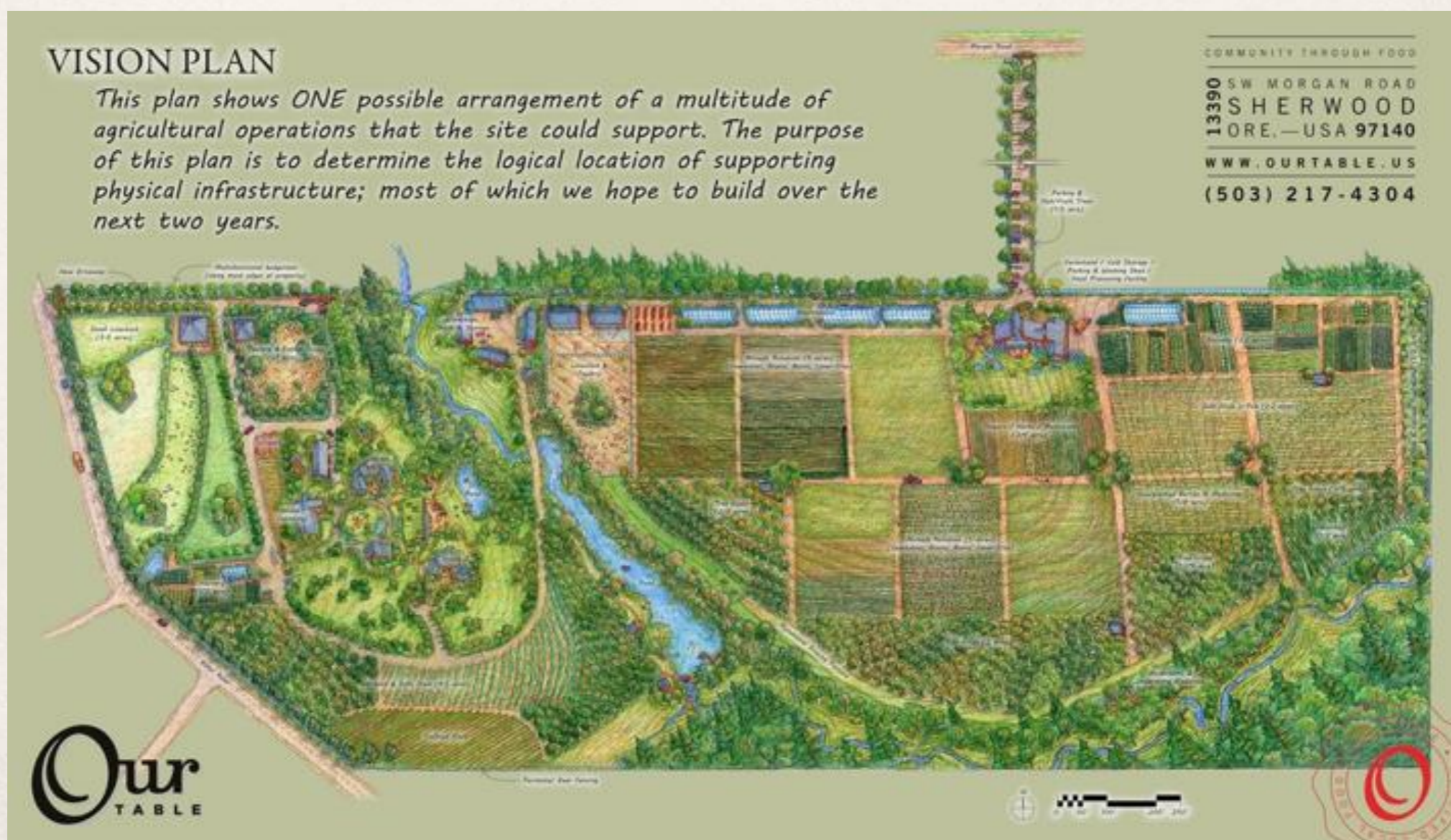
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1. Make a plan
2. Develop a soil fertility plan
3. Plan a sustainable production system
4. Develop sustainable markets
5. Track your income
6. Track and trim your expenses
7. Plan your expenses
8. Create a smooth work flow
9. Level the load
10. Remember to give back

*Let's look at each step...*

# 1. Make a plan

The first step is to make a plan--  
--project your sales  
--lay out your farm on paper





# 2. Develop a soil fertility plan

Get a soil test and make short and long-term plans to amend soil

**A & L WESTERN AGRICULTURAL LABORATORIES**  
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REPORT NUMBER: 05-268-058      CLIENT NO: 9999-D      SUBMITTED BY: EDDIE

SEND TO: EDDIE TANNER  
101 HILL ST  
ARCATA, CA 95521-      GROWER: DEEPSEED FARM


DATE OF REPORT: 10/01/08      **SOIL ANALYSIS REPORT**      PAGE: 1

SAMPLE ID	LAB NUMBER	Organic Matter		Phosphorus		Potassium	Magnesium	Calcium	Sulfur	pH		Hydrogen	Cation Exchange Capacity	PERCENT CATION SATURATION (BASES)				
		% Nating	EMC %/4	Weak Bray	NaHCO <sub>3</sub> -P	K ppm	Mg ppm	Ca ppm	S ppm	Soil pH	Buffer Index	H meq/100g	C.E.C. meq/100g	K %	Mg %	Ca %	H %	Na %
NE000	54397	5.2H	134	19M	18**	139M	441H	1318L	38L	5.3	6.5	4.8	15.5	2.3	23.3	42.3	31.0	1.1
NW000	54398	5.4VH	137	9L	14**	91L	494VH	1178L	38L	5.5	6.6	3.0	14.0	1.7	29.1	42.1	26.0	1.2
SW000	54399	5.4VH	138	60VH	57**	121M	286H	921L	28L	6.0	6.7	2.3	9.7	3.2	24.5	47.5	23.5	1.3

\*\* NaHCO<sub>3</sub>-P unreliable at this soil pH

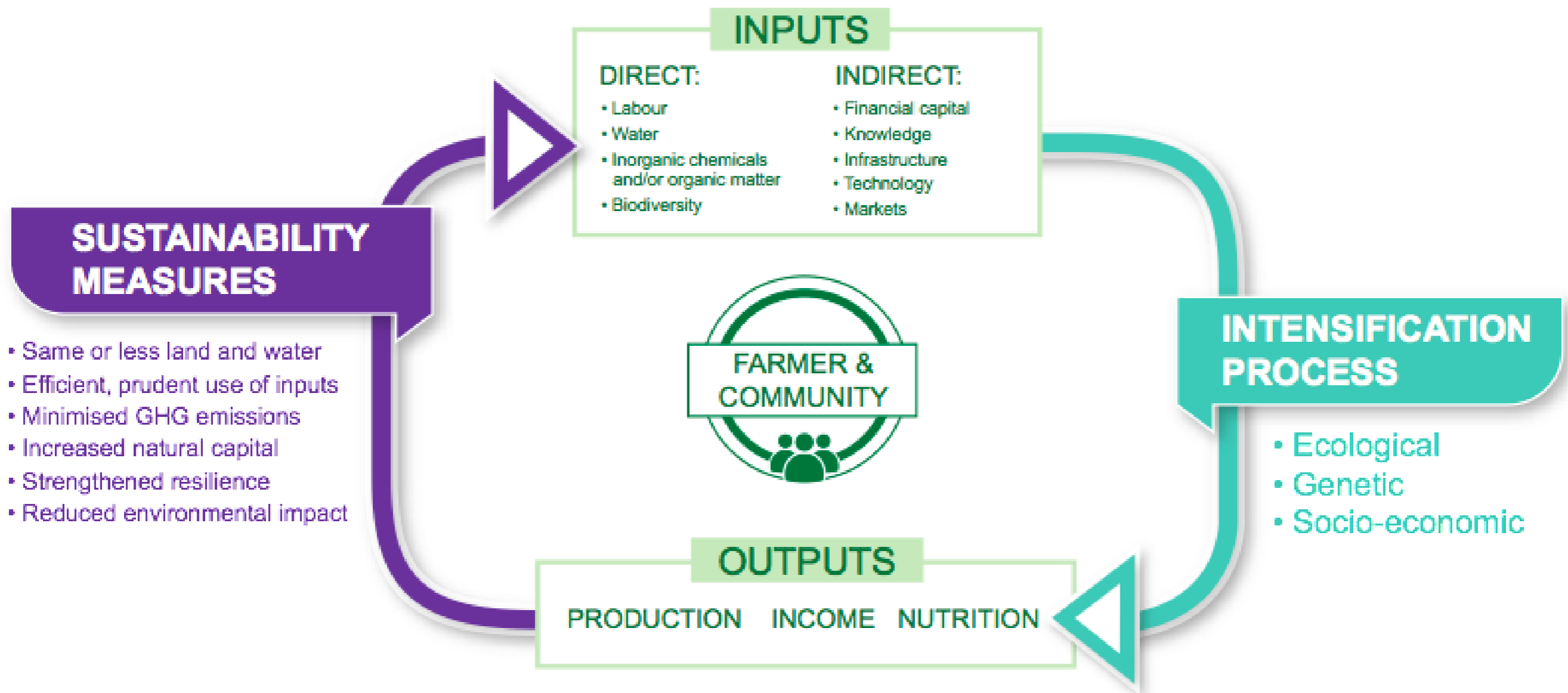
SAMPLE NUMBER	Nitrogen	Sulfur	Zinc	Manganese	Iron	Copper	Boron	Excess Sulfur	Soluble Salts	Chloride	PARTICLE SIZE ANALYSIS			
	NL-N ppm	SO-S ppm	Zn ppm	Mn ppm	Fe ppm	Cu ppm	B ppm	Excess Sulfur Rating	Salts meq/100g	Cl- ppm	SAND %	SILT %	CLAY %	SOIL TEXTURE
NE000	21M	4L	1.8M	2L	132VH	1.2M	0.6M	L	0.2VL		60	26	13	SANDY LOAM
NW000	12L	5L	0.8L	1VL	118VH	1.5H	0.5L	L	0.1VL					
SW000	5L	4L	2.3M	1VL	141VH	1.4H	0.4L	L	0.1VL					

\* CODE TO RATING: VERY LOW (VL), LOW (L), MEDIUM (M), HIGH (H), AND VERY HIGH (VH).  
 - EMV - ESTIMATED NITROGEN RELEASE  
 \*\* MULTIPLY THE RESULTS IN ppm BY 2 TO CONVERT TO LBS PER ACRE OF THE ELEMENTAL FORM  
 --- MULTIPLY THE RESULTS IN ppm BY 4.4 TO CONVERT TO LBS PER ACRE P<sub>2</sub>O<sub>5</sub>  
 --- MULTIPLY THE RESULTS IN ppm BY 1.4 TO CONVERT TO LBS PER ACRE K<sub>2</sub>O  
 MOST SOILS WEIGH TWO (2) MILLION POUNDS (DRY WEIGHT) FOR AN ACRE OF SOIL 6-8 INCHES DEEP

This report applies only to the samples tested. Samples are retained a maximum of thirty days after testing.  
  
 A & L WESTERN LABORATORIES, INC.

# 3. Plan a sustainable production system

Plan what to plant, when to plant, and who to market to. Try to be realistic in the first year.



# 4. Develop sustainable markets

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Successful businesses are partnerships. Meet with restaurant owners, customers, chefs. Scout out your markets and develop relationships.





# 5. Track your income

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- ❖ Develop a system to track your sales.
- ❖ Ideally, track sales of each type of item you sell (tomatoes, peppers, etc.) AND who the item is sold to (chef, farmers market, etc.)
- ❖ Use technology to help (QuickBooks)

# Income...Find metrics to measure success...

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Pick one simple metric to use across all of your products. For example:

- ❖ Dollar value per harvest container
- ❖ Value per row foot (important for smaller farms)
- ❖ Value you can harvest in one hour
  - ❖ SPIN farming website: [spinfarming.com](http://spinfarming.com)

# 6. Track your expenses

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Ideally, keep track of expenses for each item you grow

Start at the beginning and keep track all the way to the end. Examples:

- ❖ seed costs
- ❖ costs to plant, weed, harvest (labor)
- ❖ costs to transport to market
- ❖ costs to rent booth space

# Work as hard to trim expenses as you do to increase sales

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- ❖ You can increase profits in only two ways: expanding sales or cutting expenses.
- ❖ Examine a printout of your expense ledger and ask, “How can we trim another 5% off this year?”



# trim expenses...

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With expense-cutting growth, savings are perennial. For example:

- ❖ If you can save \$500/year on a cheaper compost from another supplier, over 10 years you'll have saved \$5000.
- ❖ If you can find a way to shave an average of just 20 minutes per day off your processing time, over ten years you will free up 52,000 minutes--or 36 days!

# then...spend time deciding what NOT to do

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- ❖ After you have information on how different crops are performing, starting eliminating those that track low and scaling up those that perform well.
- ❖ Be ruthless. (Consider growing low-performers in a kitchen garden.)
- ❖ Set a bar. For example, eliminate crops that do not yield a set dollar value per hour spent harvesting and processing



# 7. Plan to get organized!

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- ❖ An organized farm will be more profitable.

# Get organized... Sort it

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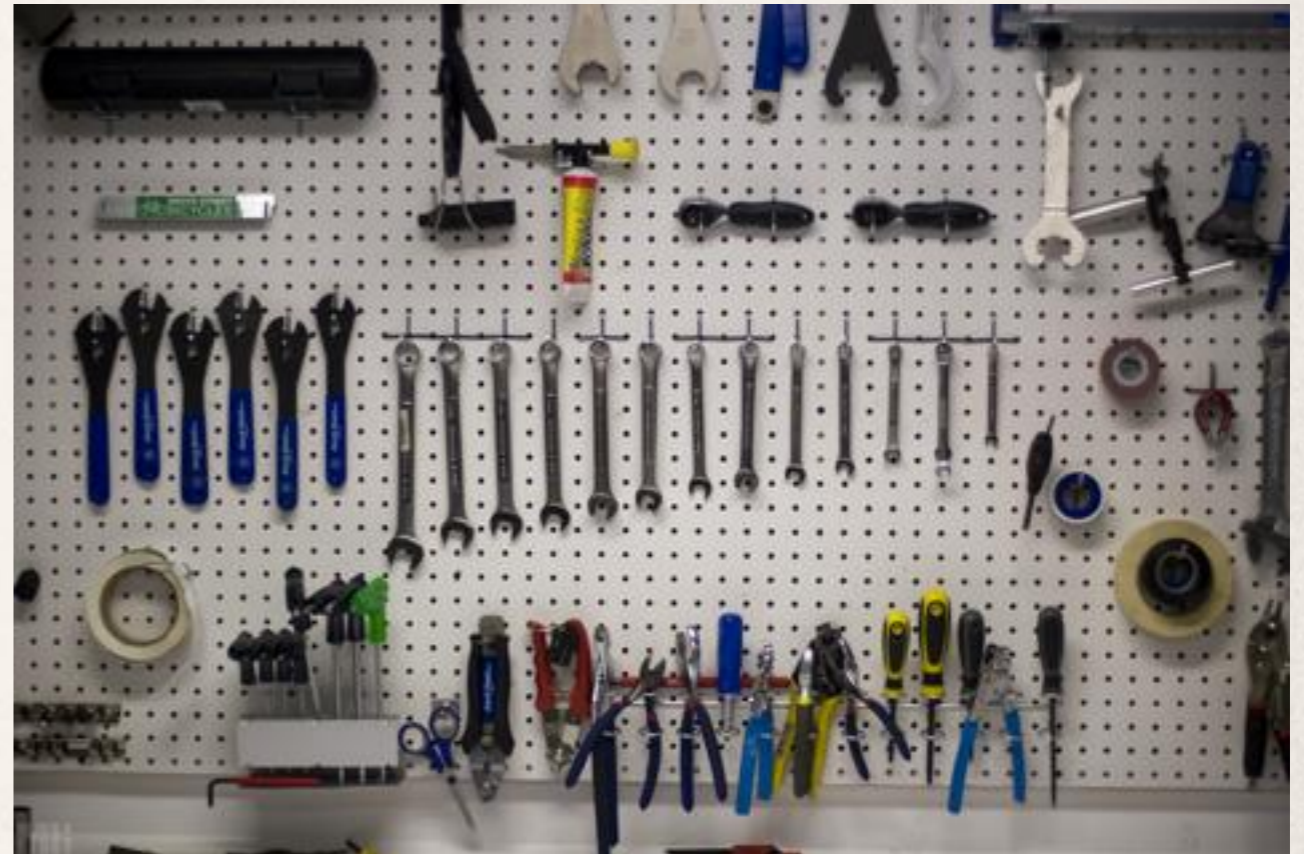
- ❖ Get rid of anything that is not absolutely necessary for your production and keep only what you need. When in doubt, get rid of it.
- ❖ Did you use it in the past 12 months? If not, the chances are good you won't use it in the next 12 months.



# Get organized... Set it in Order

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- ❖ Every tool should have a place. At any given time, it should be in its place or in the hand of a worker.
- ❖ Think of work stations instead of storage rooms.
- ❖ Don't stack, keep tools at eye level.
- ❖ Keep tools close to where they are used.



# Get organized...Shine it

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- ❖ Keep your workspaces clean - always.
- ❖ High gloss paint on floors and walls cleans well.
- ❖ Use plenty of light.
- ❖ Use a system for collecting recycling and waste. (Green totes and gray totes, for example)

# Get organized...sustain your system!

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- ❖ Make sure you and your crew USE your systems.
- ❖ In some factories, a worker is assigned at the end of each week to rate cleanliness!
- ❖ Set aside time each week for cleaning.
- ❖ Twice a year, “take it to zero”– remove everything from a space, clean thoroughly, and clean items as they are brought back in.

# 8. Create a smooth work flow

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- ❖ Create a spaghetti diagram: Imagining watching your farm from overhead. Trace a line on paper whenever people move around. By the end of a typical harvest day, many farms would look like a plate of spaghetti.
- ❖ Smooth the noodles (eliminate unnecessary work):
  - ❖ keep tools close to where they will be used
  - ❖ harvest as market-ready as possible (eliminate moves)
    - ❖ example: harvest directly into totes going to market

# 9. “Level the Load”--spread out your work

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- ❖ Spread out the weekly and yearly workload to avoid peaks
- ❖ Prepare Spring beds in Fall
- ❖ Harvest throughout the week
- ❖ Keep a winter project list
- ❖ Stretch out the season with greenhouses/season extension

# 10. And remember to give back!

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- ❖ With your profits you can give back to your community by donating food and money to local food banks
- ❖ Give back to your land too: let it rest at least once/year by planting cover crops



# Self-Check Review Questions

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- ❖ What three areas of impact must a “sustainable” business take into account?
- ❖ What are different ways to measure profitability?
- ❖ How can farm work be spread out throughout the year?

# Resources

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- ❖ Specialty Crop Research Initiative: UW Madison
- ❖ <http://ipcmRes.wisc.edu/scri/>
- ❖ [spinfarming.com](http://spinfarming.com)
- ❖ [milkwood.com](http://milkwood.com)