

CASE STUDY: Enhancing Economic Stability by Building Financial Resilience: A Model for Collaborative Learning Among Beginning Farmers in Southwest Wisconsin

Raleigh's Hillside Farm

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-Lauren Rudersdorf

Introduction to Raleigh's Hillside Farm, LLC

- Lauren & Kyle Rudersdorf
- Brodhead, Wisconsin (Rock County)
- Established: 2013
- www.raleighhillsidefarm.com



Started in 2013 by wife and husband co-owners Lauren and Kyle Rudersdorf, Raleigh's Hillside Farm is a small, diversified farm in Rock County focusing on direct-market sales through a robust CSA (60% of sale) and direct wholesale to restaurants (40% of sales). Crop production focuses on vegetables, and includes watermelons and a variety of herbs. Lauren and Kyle's success comes from a clear divide in business responsibilities with Lauren's title of "CSA Manager" including communications, marketing and financial reporting, and Kyle's title of "Head Grower" focusing on production aspects of the farm. Married in 2014, the pair farms on 4 acres rented from Lauren's family farm.

"We had a tremendous amount of help and support as we began our farm business. For one, we had simple access to affordable land," says Lauren. In the summer of 2012, when the pair first decided to begin the farm, Lauren's parents picked out two acres of their 180-acre homestead that were well-suited to a new, small farm - and offered it to the pair for free for a trial year. The acreage was close enough to the house and well that costly investments for water, structures, or driveways were not required to get started. "We would not have been able to start a farming operation without my parents' resources and support," says Lauren. With success in the first year, the farm continued to grow. Raleigh's Hillside Farm now pays rent for the used acreage, but benefits from the support of accommodating farming family members when large equipment or farm growth and improvement is needed.

Both Lauren and Kyle work part-time off-farm jobs to supplement the farm income. In the winter and spring Kyle works at a flower greenhouse, and Lauren holds an Office Manager position at an environmental non-profit. "These jobs began as ways to support our income,"

Lauren says, “but we continue to keep them because of the flexibility of our employers alongside the skills we gain at these off-farm jobs.”



The pair recognizes the support and investment their community provided to launch their beginning farm business. A friend sold them a truck at a very low cost, which became their primary farm vehicle. Lauren’s Grandmother gifted a 1996 Dodge Caravan which is still used for CSA deliveries. And family is offering them a personal loan to finance the construction of a building and expansion of their well. “We have learned that beginning a business truly takes a large amount of capital or a tremendous community. Sometimes both.”

Farm Goals for Participation in the *Collaborative Learning Group*

Lauren entered the project wanting to learn about the big picture of the farm’s finances and health over time. Entering the project with a strong understand of cash flow and earning a profit, she knew there was room to learn about “the long-term game” when it comes to finances including building equity, the positive aspects of taking on debt, and smart choices for investing in the future. And with a perpetual eye toward good business practices and efficiency, Lauren was eager to gain skills and training for incorporating Quickbooks into the farm business.

Lessons Learned From The Project

The timing of the project proved valuable. After seeing success, growth, and a lot of potential in the first three years of the farm, Lauren and Kyle were arriving at a critical juncture when the Collaborative Learning Group started. The farm was profitable with a positive cash flow, but it was time to scale up and grow. The pair wanted to determine the wisest way to invest in farm infrastructure on rented land in order to grow farm capacity, while staying profitable and financially healthy in the long run.

Lauren found the first group session focusing on balance sheets, taught by Paul Dietmann, Senior Lending Officer of Mission Financing at Compeer Financial, as a valuable start to the project. “That first session on balance sheets helped me see a whole picture of our financial health. That’s not something I was looking at.” With this perspective, Lauren and Kyle identified all the different values of their farm, and what it would mean in the “big picture” to take on debt in order to grow.

Raleigh’s Hillside Farm also directly benefited from one of the final Collaborative Learning Group meetings. In this session, Paul Dietmann picked two real-life projects from group members, and outlined financing pathways and modeled return on investment for each project. Raleigh’s Hillside Farm future pack shed project was one of the two examples

used, with great benefit. This provided Lauren and Kyle with a detailed account of short-term and long-term financial commitments, and the associated production requirements at the farm level, required to support these commitments. In the end, this detailed understanding of financial tools, potential sales growth, and real numbers encouraged the pair to invest in growing the farm.

“Growing slowly has been our key to success and I wouldn’t change a thing about our first five years,” says Lauren. “But over the course of this project, my husband I learned that at some point we really need to invest in ourselves to succeed. We could have stayed small forever, but to grow to the scale and financial security we sought, we needed to take some degree of risk. This project has been invaluable to my growth as both a farmer and business person.”

A Few Notes For Beginning Farmers from Raleigh’s Hillside Farm

- You need a lot of support to be a young farmer and find success: financial support, emotional, educational support, and more.
- Growing or raising the products is important, but understanding your finances really helps you to assess your business year to year. It also helps you to move in positive directions, know when to get out, or save you from getting into a dire situation.
- Understanding cash flow is one of the most important tools for your farm business.
- Don't pigeonhole your business too quickly. Grow slowly and adapt to changing and emerging markets and avoid getting buried in debt for something that won't work for you in the long term.



Enhancing Economic Stability by Building Financial Resilience: A Model for Collaborative Learning Among Beginning Farmers in Southwest Wisconsin is a financial literacy and sustainability project funded through a North Central SARE Farmer-Rancher Grant. From 2016-2017, a group of seven beginning farmers in southwest Wisconsin met regularly to learn from financial experts; engage in peer-to-peer discussion; and provide space for open and honest dialogue about current farm finances. The objective of the project was to improve the financial sustainability, resilience, and literacy of participating beginning farmers, and demonstrate a replicable small-group model for other farms to adopt with similar learning goals using real-world farm financial profiles. This case study is one in a series of seven outlining the lessons learned by participating farms, and highlighting the financial skills and experts supporting this work. This material is based upon work that is supported by the National Institute of Food and Agriculture, U.S. Department of Agriculture, through the North Central Region SARE program under project number FNC16-1052. USDA is an equal opportunity employer and service provider. Any opinions, findings, conclusions, or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the view of the U.S. Department of Agriculture.