

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

## Winterfell Acres



*“With only two seasonal employees, it’s hard to justify paying a lot of money for someone else to do payroll. I feel confident I can do it myself in a cost-effective way now. It’s so much more straightforward than I thought it would be.*

*-Bethanee Wright*



### Introduction to Winterfell Acres

- Bethanee Wright
- Brooklyn, Wisconsin (Green County)
- Established: 2013
- [www.winterfellacres.com](http://www.winterfellacres.com)



Formed in 2013, Winterfell Acres is a 45-acre organic farm in Brooklyn, Wisconsin owned by Bethanee and Travis Wright. With a focus on organic mixed vegetable production, wild-crafted forest products, and a mixed orchard, Bethanee primarily markets her products through a CSA, with additional sales through wholesale and other channels. Bethanee currently manages the entire vegetable operation, and Travis works off the farm. Eventually Travis may transition to join the farm in a more focused way, starting an egg enterprise and managing the thirty acres of forest.



Bethanee identifies three top reasons she was able to start the farm in a sustainable way. The first is the benefit of her spouse’s off-farm income, which allowed Bethanee to put all farm income toward farm expenses and infrastructure for the first years of the farm. Second to that, renting farmland for the first four years of operation helped to reduce expenses by delaying mortgage payments and associated costs. These financial issues were bolstered by the skills Bethanee learned working at and managing other, larger CSA operations - which

gave her a strong understanding of the production practices she was getting herself into.

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## **Farm Goals for Participation in the Collaborative Learning Group**

As with most farmers participating in the Collaborative Learning Group, Winterfell Acres has short and long term goals for participating in the project. Bethanee was most interested in diving into the details of basic farm financial tracking like cash flows and balance sheets. And, with bringing on employees in recent years, she was interested in strategies for simple and effective payroll management. In the bigger picture, the couple is planning for Travis to engage more deeply with the farm business in the future, and the two hoped new financial skills from the Collaborative Learning Group could help inform this eventual transition.

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## **Lessons Learned from The Project**

The first two group sessions focused on balance sheets; monthly and yearly cash flows; and cash flow analysis, providing a strong foundation for financial literacy and developing financial systems during the group's time together. Each farm prepared a current balance sheet in preparation for the first meeting, which was taught by Paul Dietmann, Senior Lending Officer of Mission Financing at Compeer Financial. As Collaborative Learning Group members better understood their big picture financial outlooks, and began feeling more comfortable within the group, there was a willingness to open up about farm financial choices and questions. This candid conversation and inquiry helped many participants understand alternate financing and operating options that may better serve them in the long run.

For Winterfell Acres, this conversation helped Bethanee clarify the value of obtaining a farm operating loan for annual farm expenses, instead of relying on credit cards, even with zero percent interest rates. "The most important thing I've done is get an operating loan to pay off credit card debt from starting up the farm. Best decision so far. I was so stressed with the credit card debt before, and now I have a low monthly payment that is much more manageable."

With a firm understanding of balance sheets and cash flows as tools for analyzing financial health, and a strong commitment to use these tools on a regular basis - Bethanee and Travis have a much clearer understanding of the farm's current and future financial picture, and can better plan to bring Travis more fully onto the farm.

Many of the farms participating in the Collaborative Learning Group are just beginning to hire part-time or full-time employees to support farm operations, which opens up a new area of financial management for farmers. To learn more about efficient payroll options and best practices, the Group's sixth meeting was an Introduction to Payroll provided by Jim

Borling at SCORE Madison in November 2017. SCORE, a nonprofit organization supported by the Small Business Administration with chapters across the country, is dedicated to helping small businesses get off the ground, grow, and achieve their goals through education and mentorship. At this session, Group members learned clear instructions for quickly and efficiently managing their own payroll instead of hiring professionals or using expensive online systems. “It was so much more straightforward than I thought it would be,” says Bethanee. “With only two seasonal employees, it’s hard to justify paying a lot of money for someone else to do payroll. I feel confident I can do it myself in a cost-effective way now.”

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## A Few Notes for Beginning Farmers from Winterfell Acres

- Get an operating loan to start up your farm. Don't rely on 0% credit cards or high risk forms of debt. It may look like you can make it work to save money on interest, but in reality - that was not the case for our farm.
  - Talk with other farmers who are 3-7 years into farming to better determine what is worth spending money on at start-up, and where it's okay to wait. This is especially useful for large investments like tractors or greenhouses.
  - Monthly Quickbooks reconciliation and budget check-ins are a must. Updating your cash flow monthly, along with bi-annual balance sheet updates, provide valuable information. It's so important to track how you are doing financially throughout the year, even during the busy growing season. It's integral to my farm financial success.
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*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.*