

Farm Viability & Finances Field Day

Brought to you by:



Enterprise Budget Exercise – Data:

Start Up Costs Per 100 Chickens: \$970

- Brooder set up (chicken wire, door, floor, light): \$500
- Heat lamps (3): \$20
- Hose (1): \$75
- Waterers (2 at \$50 each): \$100
- Feeders (PVC Homemade): \$25
- Tractors: \$250

Ongoing Expenses Per 100 chickens: \$1,003.70

- Bag of Non-GMO feed (50lbs): $\$15 \times 1,300\text{lbs (13 lbs per bird)} = \390
- Chicks (includes shipping): $\$1.95 \text{ per bird} \times 100 \text{ birds} = \195
- Shavings for Brooder: $\$5/\text{bag} \times 20 \text{ bags} = \100
- Processing – Kill, Vacuum seal whole ($\$3.19 \text{ per bird, or } \$287.10 \text{ for } 90$) plus hearts, livers, feet ($\$31.60$) = $\$318.70$

Income Per 100 chickens: \$1,666

- Whole chickens: 90 chickens with average weight of 4lb @ $\$4.50/\text{lb} = \$1,620$
- Livers: 8 x 1lb packages @ $\$4/\text{lb} = \32
- Hearts: 1 x 1lb packages @ $\$4/\text{lb} = \4
- Feet: 5 x 1lb packages @ $\$2/\text{lb} = \10

What Else?

- Marketing
- Transportation
- Other?

Farm Viability & Finances Crash Course

Fall 2022

Let's Dive Into Farm Viability

- Reality Check: True/False
- What's "Farm Viability"?
 - Hear from Farmers: SARE Video
- Food Systems 101: What's a Food System and Why Does It Matter?
- Markets, Outlets & Looking Beyond the Farmers Market
- Business Plans
- Financials FAQ's
- Let's prep to serve three beginning farmers...Mardean, Anne, and Sierra

True / False

True / False:

IN is a major ag state,
but we import the majority of our food.

True / False:

People in the Midwest seek out local food because it is organic.

Hold Up Fingers to Show:
Farmers over 65
outnumber farmers under 35
by **3:1** or by **6:1**.

True / False:

When beginning farmers consider their “Farm Viability” they look primarily at economic success.

True / False:

Farmers markets are small farmers' main outlet for selling their food.

True / False:

Selling direct to customers
lets farmers keep more of every dollar.

True / False:

Small farms are more likely
to be profitable than conventional farms.

What *is* Farm Viability? Let's be nosy.



What's a "Farm"?

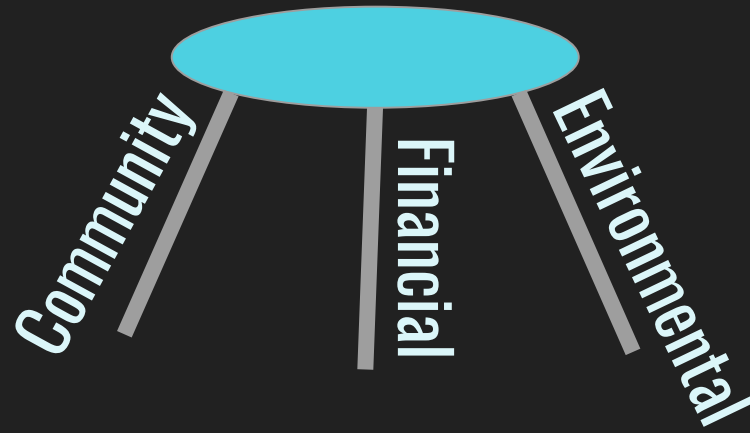
Used to be \$1k in sales...
now no minimum



**...And how do I tell
if it's "Viable"?**

Profit? Probably, but...

Ask the farmer: How do you measure your bottom line?



- Food security
- Job training
- Connecting eaters to the land
- Vibrant local food economy
- Mental health
- Food justice
- Other?

- Cash flow for emergencies
- Profit
- Salary
- Retirement account
- Other?

- Biodiversity
- Soil health
- Water quality
- Pollinators
- Carbon sequestration
- Other?

**Ask the farmer: Will
the farmer still want
to (and be able to)
farm in 5 years?
15? More?**



SARE “Farm Viability” video:
<https://youtu.be/JSW4JdIdUzw>

Food Systems 101:
What's a Food System
and Why Does It Matter?



“Eating is an agricultural act.”

- Wendell Berry



LOCAL FOOD GROWS LOCAL ECONOMY

A small shift has a big impact

Let's look at Michigan, for example

Imagine if Michigan residents and institutions shifted just 20 percent of food purchasing to local sources.

According to economist Michael Shuman's "The Economic Impacts of Localizing Michigan's Food System,"* this shift in demand leads to a shift in supply that creates jobs, revitalizes communities and boosts the economy. It's a model for how communities and states can redesign their food system.

FOR MORE INFORMATION

Contact Fair Food Network at info@fairfoodnetwork.org or (313) 213-3999 for more information. To read the full report, visit fairfoodnetwork.org/resources.



leads to



42,519

new food related jobs

generating



\$1.5 billion
annually in new wages

+



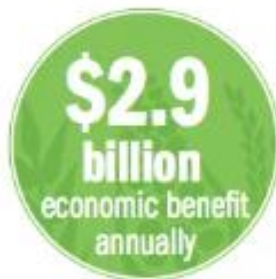
\$255 million
in state and local tax collection

+



\$1.1 billion
in additional value added products

equaling



* Data from "The Economic Impacts of Localizing Michigan's Food System" by Michael Shuman, Getting Edge Capital, June 2013. Michael Shuman is an economist, attorney, entrepreneur, author and director of Research and Planning for Getting Edge Capital.

Markets, Outlets &
Looking
Beyond the
Farmers Market

Where Can Farmers Direct-Market Their Products?



Farmers Market Vending

A GUIDE FOR INDIANA SPECIALTY CROP PRODUCERS

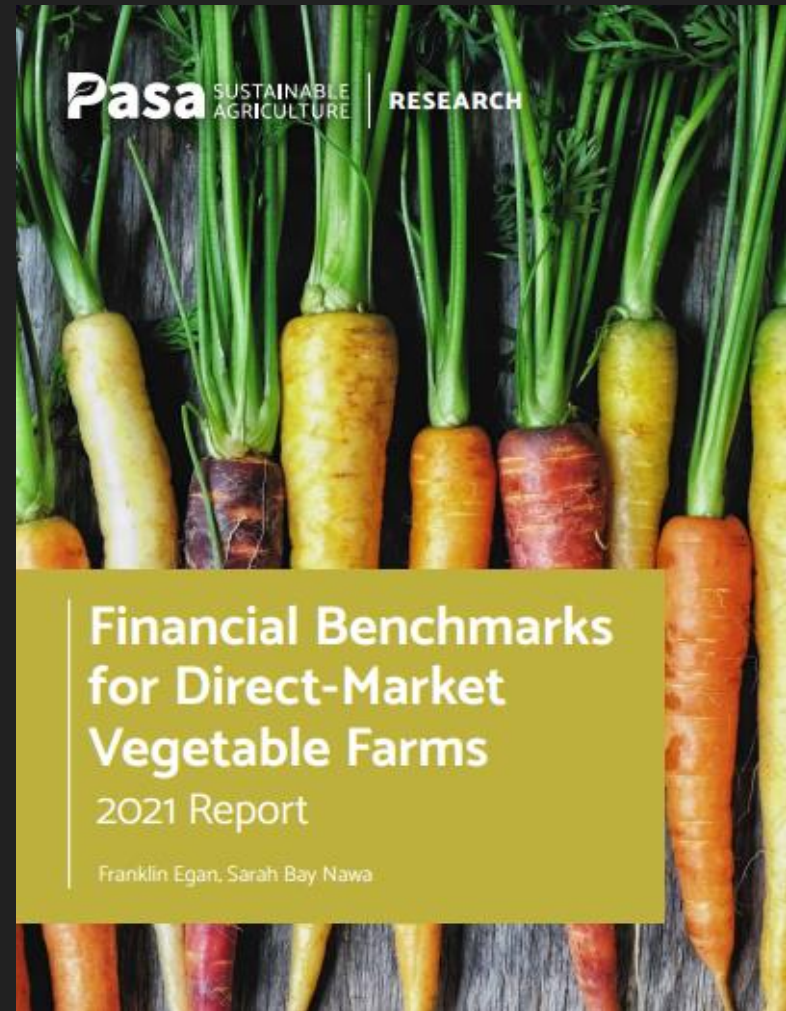


Indiana Cooperative Development Center

- Online marketplaces
- Farm stands
- Farm stops
- CSA's
- Cooperative CSA's
- Food hubs
- Restaurants
- Independent groceries
- Food co-ops
- Chain groceries
- Food pantries
- Schools
- Hospitals
- Factories
- Other?

Can direct-market vegetable farmers make a middle-class income?

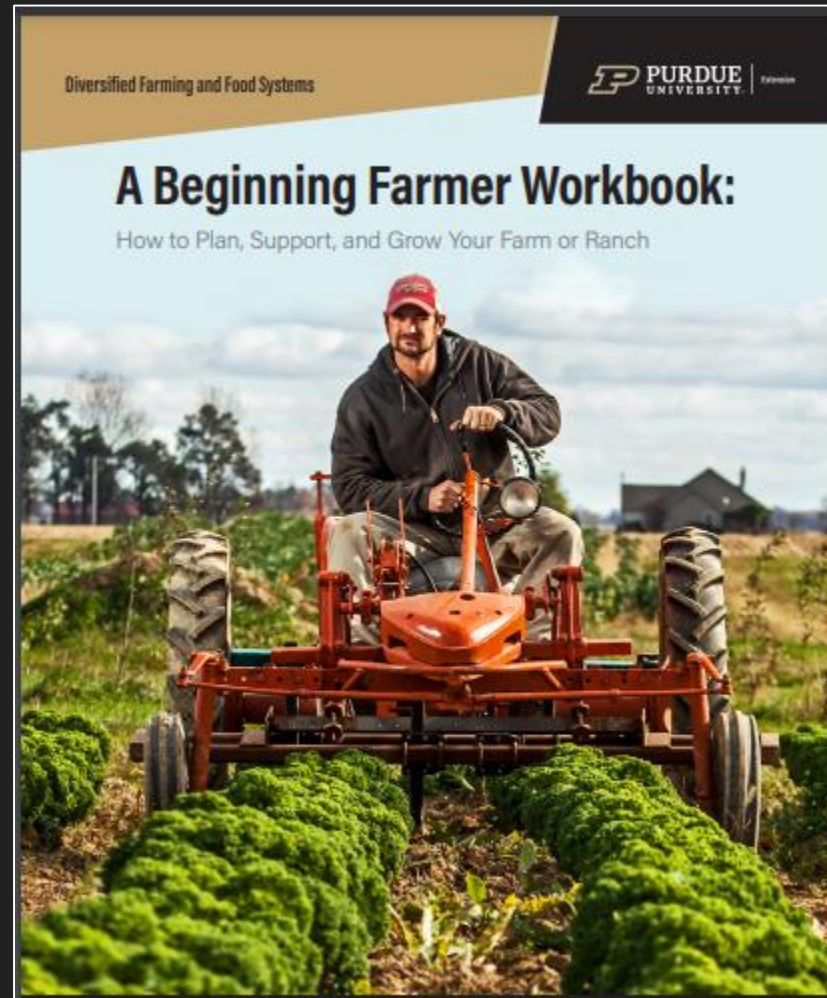
PASA studied 39 farms over three years to find out. Their study is the most comprehensive review of direct-market vegetable farm finances to date.



Business Plans

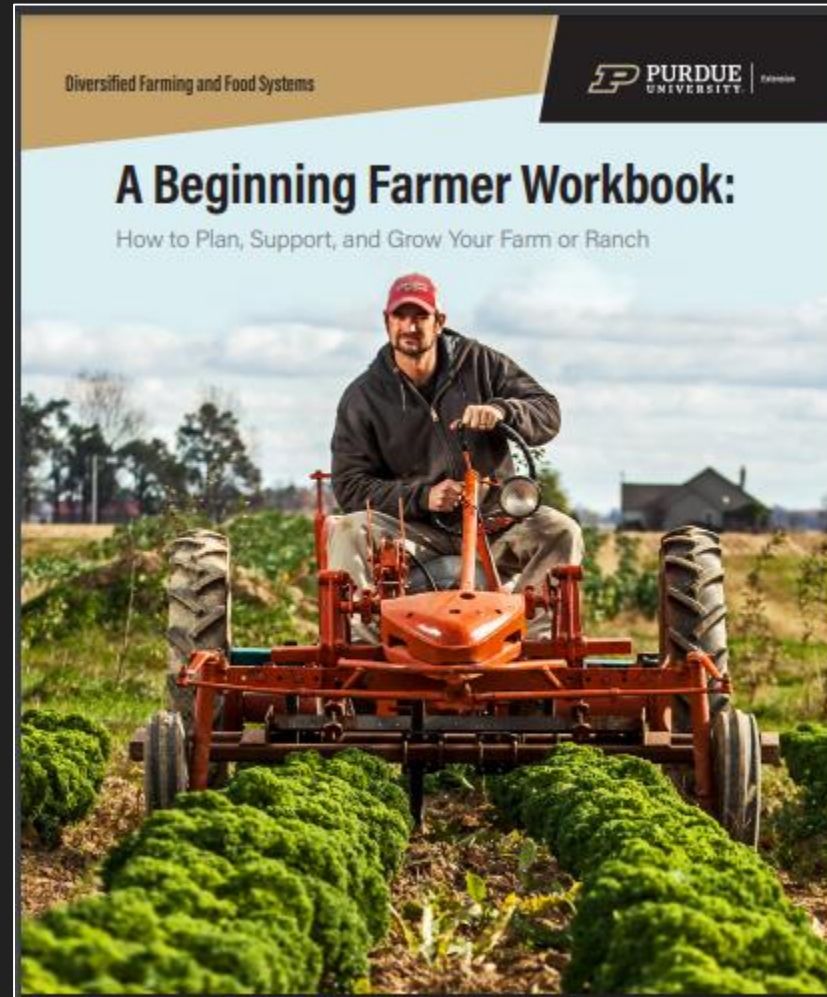
Even a one-page plan is key.

- What does success look like?
- What resources do you have to draw on? (Financial, social, natural)
- What are your strengths and weaknesses?
- What products will you raise?
- How will you sell them?
- What's your niche: why will your products stand out?
- What's a phased-in timeline look like?



Key Resources You Can Share:

- Purdue's Beginning Farmer Workbook
- SARE's "Building a Sustainable Business" for over-achievers
- Small Business Administration???
- SCORE???
- Sample Business Plans:
 - <https://smallfarms.oregonstate.edu/smallfarms/sample-business-plans>



Financials FAQ's

*I have ____ acres.
What should I do with
my land?*



*Can I make
a living
farming?*



*When can I quit
my off-farm job?*



Let's prep to serve three beginning farmers...Mardean, Anne, and Sierra

Megan Ayers – Unvarnished Farm



Megan wants to purchase land to expand her urban farm.



- Megan ran a successful CSA in urban Cincinnati. She raises laying hens, ducks (for eggs), bees, fruit, and veggies.
- She's ready to expand on a rural property.
- Megan's husband works off-farm as a counselor, and Megan teaches college courses remotely.



- She has approached FSA and Farm Credit for a loan to purchase a 12-acre farm in southeast Indiana.
- FSA said she's not a farm.
- Farm Credit said the property she wants to purchase (12 acres) is too small and that she doesn't have ag collateral.



Megan wants to meet. How can we prep to serve Megan?

- What “farm viability” topics are key for this conversation?
- What resources do we need at our fingertips so that we can be useful?
- What should we ask to better understand her reality?
- What other ag professionals might be helpful to draw into the conversation?

Mardean Roach – Roach Family Farm

Mardean wants to sell
chicken broth
from her pasture-raised
meat chickens.





- Mardean and her husband, a military veteran, raise livestock on pasture in southeast IN. Mardean works off-farm at a national wildlife refuge.
- They sell meat at the Madison Farmer's Market and via their on-farm store: beef, chicken, goat, turkey, eggs. They sell by the cut and halves/wholes.



- Mardean parts up chickens...which leaves her with chicken backs.
- Mardean wants to develop a chicken broth that she can make and sell legally, that's not too expensive.



Mardean wants to meet. How can we prep to serve Mardean:

- What “farm viability” topics are key for this conversation?
- What resources do we need at our fingertips so that we can be useful?
- What should we ask to better understand her reality?
- What other ag professionals might be helpful to draw into the conversation?

Anne
Massie –
Grounded
Earth Farm



Anne Massie is seeking better work-life balance.



- Anne and her husband, Ben, raise organic vegetables in northwest IN. They have two kids (3 and 10).
- Anne is a beginning farmer who's trying to build a business that will support her family financially. Her husband works off-farm as an electrician.



- In year 3 of her farm, She sold via her 85-member CSA and one farmer's market. Anne sold \$85,000 of product.
- In year 4, Anne upped her game: she farmed year-round, hired labor, increased to two CSA's (125 members total), added a second farmers market, sold her goods (and other farmers' goods) from her on-farm store, sold to her local food hub, and holiday home-deliveries...but still only sold \$100,000 of product.



Anne wants to meet. How can we prep to serve her:

- What “farm viability” topics are key for this conversation?
- What resources do we need at our fingertips so that we can be useful?
- What should we ask to better understand her reality?
- What other ag professionals might be helpful to draw into the conversation?

