



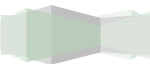
*Fall
of 2011*

*Student
Handbook*

A resource for students in New Entry's Farm Business Training Course



Gerald J. and Dorothy R.
Friedman School of
Nutrition Science and Policy



Introduction Fall 2011 Farm Business Planning

Cycle One: October- November2011

Date and Time	Day	Topic
<i>October 11, 2011 6 pm-9 pm</i>	<i>Tuesday</i>	<i>Intro to Farm Business Course and Marketing & Sales</i>
<i>October 18, 2011 6 pm-9 pm</i>	<i>Tuesday</i>	<i>Intro to Business Planning and Enterprise Selection</i>
<i>October 22, 2011 11:30am-3:00pm</i>	Saturday	Marketing Field Trip, Somerville, Ma
<i>October 25, 2011 6 pm-9pm</i>	<i>Tuesday</i>	<i>Crop Planning and Production</i>
October 27, 2011 6 pm-9pm	Thursday	Optional Livestock Planning and Management Class
<i>November 1, 2011 6 pm-9pm</i>	<i>Tuesday</i>	<i>Equipment and Supplies Sourcing. Startup budgets</i>
<i>November 8, 2011 6 pm-9 pm</i>	<i>Tuesday</i>	<i>Farm Financials: Writing the Business Plans</i>
November 9, 2011 6pm-9pm	Wednesday	Optional Lowell Small Business Assistance Center Course: <u>Unlocking Profitability with Accounting</u>
November 10, 2011 6pm-9pm	Thursday	Optional Lowell Small Business Assistance Center: <u>Unlocking Profitability with Accounting</u>
<i>November 15, 2011 6pm-9pm</i>	<i>Tuesday</i>	<i>Writing the Business Plan Narratives and Real Stories from Guest Growers</i>
<i>November 29, 2011 6pm-9pm</i>	<i>Tuesday</i>	<i>Business Plan Presentations</i>
January 14, 2012 9am-5:30pm	Saturday	NOFA Winter Conference, Worcester State University http://www.nofamass.org/conferences/winter/
March 22, 2012 6pm	Thursday	Spring Launch: Graduation and Networking Event

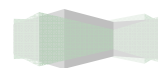


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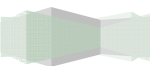
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Session One



Marketing and Sales

Learning Objectives are the main points that you will be taking away from each lesson. It is important that you keep the learning objectives in mind throughout the class. Learning objectives will change from class to class.

Learning Objectives:

- *You will learn about marketing options*
- *You will learn how to do basic market research*
- *You will learn how to apply your market research to the farm business plan (marketing plan, financial documents, supporting documents)*

Agenda

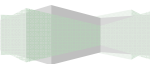
0. Introductions, logistics and paperwork 6:00-7:30

BREAK 7:30-7:45

1. Your marketing options 7:45-8:15

2. Learn how to do basic market research 8:15-8:30

3. Learn how you will apply your market research to the farm business plan (marketing plan, financial documents, supporting documents) 8:30-9:00



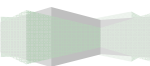
I. Learn your marketing options

As a farm business owner, your efforts for marketing will far outweigh your efforts in production. Now is the time to research your markets so that you can be a price maker, not a price taker. If you wait until your seeds are in the ground to do the marketing work, you have waited far too long. This section will walk you through your marketing options and how to do the marketing research. Please use the tools and resources provided in this section to assist you in creating a marketing strategy and plan.

Activity:

Marketing and promotional materials will be on display before class begins. Please walk around the room and find one flyer/brochure that you think is effective, and one that is not. Get ready to discuss with the class your reasons for choosing what you like and dislike.

My Notes and Takeaways:



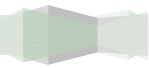
What are your marketing options?



"Get off my land!"

Investigate your direct market outlets.



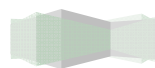


Investigate your **indirect** market outlets.



What does **goal setting** have to do with planning your markets?



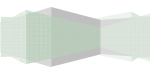


It is important to diversify
your markets.



Make your marketing plan **YOURS**,
and yours alone.

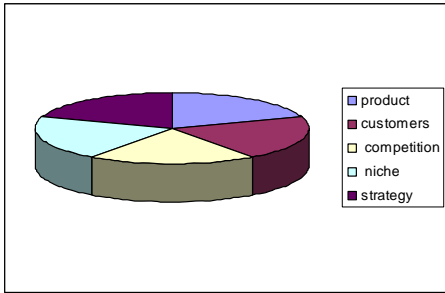


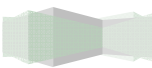


Promotional activities are part of your marketing plan.

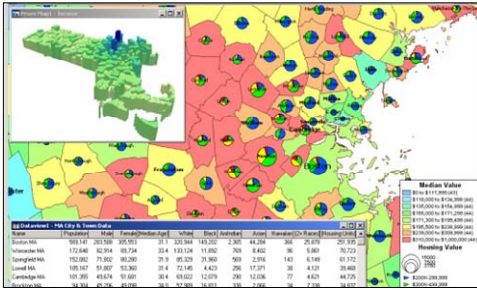


Components of your marketing plan.



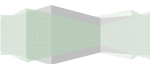


How do you start to identify the climate, product, customers and competition:
market research



The facts of your market:
economics.



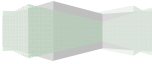


What is your product?



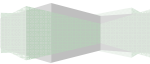
Who are your customers?





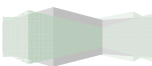
Who is your **competition?**



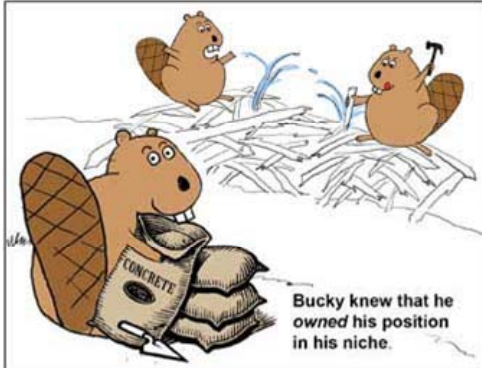


Competitive Analysis

FACTOR	My Business	Strength	Weakness	Competitor A	Competitor B	Competitor C	Importance to Customer
Products							
Price							
Quality							
Selection							
Service							
Reliability							
Stability							
Expertise							
Company Reputation							
Location							
Appearance							
Sales Method							
Credit Policies							
Advertising							
Image							

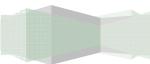


Where does your business fit into the big picture- what is your **niche**?



What is your **strategy**?





RECOMMENDATIONS FOR APPROACHING RETAIL BUYERS

- ☑ **Become knowledgeable about the market** : Talk with farmers selling to retail stores. Before you approach the buyer, try and find out what their volume and pricing expectations are to see if the match your situation.

- ☑ **Prepare an availability sheet listing products and prices** : Make it neat and well-organized. Make sure you can produce what you listed.

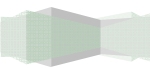
- ☑ **Send the availability sheet to buyers** : But only to those buyers whose expectations best match what you have to offer. Buyers prefer to see this sheet before they talk with producers. You can fax it over to the buyer's office.

- ☑ **Project a professional image** : Either yourself or through a grower's manager.

- ☑ **Work out the details of the sale** : With the buyer, you should work out volume, size, price, delivery dates, and labeling requirements. Some buyers have a set of written requirements for growers.

- ☑ **Keep in touch with the buyer** : Growers need to keep the buyer informed about potential problems so that buyers can look elsewhere if there is a supply problem.

- ☑ **Provide promotional materials** : Leave buyer with your business card and brochure of your products.



MARKETING: WHO TO CONTACT

(1) Farmers' Markets

- a. Manager of local area farmers' market
- b. Massachusetts Department of Agricultural Resources

David Webber – david.webber@state.ma.us

http://www.mass.gov/aqr/massgrown/farmers_markets.htm

251 Causeway Street, Suite 500, Boston, MA 02114

Phone (617) 626-1754; Fax (617) 626-1850

David can provide farmers with a list of markets or markets who are looking for farmers.

The up-to-date list of all Farmers' Markets in Massachusetts (by county) is on MDAR website: http://www.mass.gov/aqr/massgrown/farmers_markets.htm

- c. Federation of Massachusetts' Farmers' Markets
Jeff Cole – jeff@massfarmersmarkets.org <http://www.massfarmersmarkets.org>

Address: 240 Beaver Street, Waltham, MA 02452

Phone: 781-893-8222, Fax: 781-893-8777

(2) Roadside Stand

- a. Town Planning Commission or Zoning Board for permits
- b. Insurance agency about liability
- c. Town Chamber of Commerce

(3) Pick-Your-Own

- a. Town Planning Commission or Zoning Board for permits
- b. Insurance agency about liability
- c. Town Chamber of Commerce

(4) Direct sales to restaurants or grocery stores

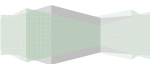
- a. Chef or restaurant owner
- b. Produce manager of grocery store

(5) Community Supported Agriculture

- a. CSA website: <http://www.nal.usda.gov/afsic/csa/>
- b. The CSA Resource Center: <http://www.csacenter.org/>
- c. UMass CSA Resource Website:
http://www.umassvegetable.org/food_farming_systems/csa/farms_ma.html

(6) Cooperative Wholesaling

- a. USDA – Rural Business Cooperative Services
<http://www.rurdev.usda.gov/rbs/coops/csdir.htm>



- b. National Co-op Business Association <http://www.ncba.coop/abcoop.cfm>
 - c. Cooperative Life <http://www.cooplifecoop/sustag.html>
- All organizations offer assistance in setting up agricultural coops

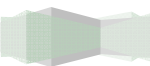
III. Learn how to do basic market research

In this section you will learn how to do basic market research. You will learn how to get a good idea about what types of markets exist where, and you will start defining your customer. Be prepared to start writing your marketing strategy and plan with the information you gather from your research.

We will be talking all about identifying customers, interpreting demographic information, market analysis, identifying competition, and ultimately, creating your own marketing strategy. This section will be a lecture, please take notes and ask questions if you have them. You will be seeing an example of written a marketing plan, and can use this to help you write your own plan.

Activity :

Please divide into groups of three. Each group will read one case study (turn the page) and will answer the questions at the bottom of the page within the group. Be prepared to present your case study and your answers to the class.



Purpose of a Marketing Strategy

Case Studies

Case Study 1 - Mary

In March, Mary decides that she wants to grow **Thai basil and pumpkin vines** because her neighbor, Frank, grew them last year. He made a good profit by selling them at the farmers' market in town. Mary thought she would **grow the same crops and try to sell at the local farmers' market**. Mary had never sold crops at a farmers' market, but she called the market manager and planned to sell at the market in the summer.

Mary arrived at the market on the first Saturday in June with **her Thai basil and pumpkin vines**. She brought a **table** and some **money to make change** but forgot to bring **signs showing the price of the products**. She was not sure how much to charge for the basil and pumpkin vines, **and charged what the other growers were charging**. She also saw that all the other growers were selling **at least four or five other items**. At the end of the market, Mary had only made **\$50** and had much of her basil and pumpkin vines **left over**. Mary was not sure if the crops she chose were a good decision. Mary was also doubting that the farmers' market was a good way to earn money. **She had no other place to sell her basil and pumpkin vine crops this season.**

Questions for Discussion:

- (1) Is the farmers' market a good marketing strategy for Mary? Why or why not?
- (2) What could she have done differently before she went to the market?
- (3) What might she have done differently at the market?

Case Study 2 - Jose

Jose applied for and received a permit to grow **water spinach**. He found **a local store** that would purchase **30 bunches of water spinach a week for five months**. Jose ordered his seeds, decided the amount of space he would need to grow the water spinach, and counted the number of plantings he would need to provide the 30 bunches per week for the store. He was **worried that he might not produce enough** to meet the amount the store wanted, so he decided to plant some extra rows.

About a month into the contract, Jose realized he **was producing much more** than 30 bunches per week of water spinach. Because he planned a lot, and it was a good year to grow water spinach, Jose had a **bumper crop**. However, the store would not accept any more water spinach than the 30 bunches. In fact, they were considering reducing the number of bunches to 20 per week because they were not selling all 30 bunches.



Questions for Discussion:

- (1) What are some options for Jose to sell his extra water spinach?
- (2) Is he going to get a good price for the extra water spinach he sells? Why or why not?
- (3) Can Jose do anything to help increase sales of water spinach at the store?

Case Study 3 - Mark

Mark is a new farmer, he has only been growing crops commercially for three years. He has been very busy recently at his job with the telephone company but would like to earn at least \$7000 selling his produce and is planning to buy a tractor. He decides to grow the same five crops he grew last year and try and sell around town at markets and any store that will buy from him.

Mark does a good job growing his crops and has nice greens, squashes, carrots, tomatoes and beans to sell. He tried to sell at local stores but the store owners did not really know him and had already found suppliers for their produce. He was unable to get into any farmer's markets and spent most of his summer traveling long distances to flea markets and other informal settings to try and sell his produce. He grew cherry tomatoes but his customers at the flea markets wanted slicing tomatoes. By July after subtracting for production expenses and travel costs, he had only made \$3000 by selling his produce..

Questions for Discussion:

- (1) *Do you think Mark was getting a good price for his crops? Why or why not?*
- (2) *Why do you think Mark did not earn the \$7000 he needed to buy a tractor?*
- (3) *What are some good things and bad things about selling at flea markets?*
- (4) *What are some marketing strategies he might have used to earn more money?*



Case Study 4 - Karen

Karen decides over the winter that she would like to start a roadside stand by her farm to directly sell produce to the community. She lives on a fairly busy street, there are many families in the community, and she conducted a survey six months ago to see if there would be interest in purchasing produce from a market stand and asked what varieties people wanted. The community said they would like to buy from her. One neighbor was interested in making a contract to purchase a pre-set amount of basil, arugula, and head lettuce from her each week for his café. Over the winter she got the permits from the town to build a farm stand to sell vegetables and she ordered the varieties of seeds her potential customers wanted.

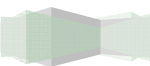
By early spring Karen had a variety of greens to sell and began making deliveries to the café where she had made the account. She began advertising her roadside stand by posting signs saying "Local, organic produce." She arranged the produce in colorful and neat displays with prices clearly marked. There was so much success from the stand that customers were disappointed to see it close in the fall and were asking Karen when it would open again in the spring

Questions for Discussion:

- (1) *What were some of the reasons why Karen was successful with her roadside stand?*
- (2) *Do you think she will grow the same vegetables next year?*
- (3) *What improvements might she make with her stand next season?*

“
In my geographic area (Lowell)

of my business there are two
churches (Beth Union SDA church,
African SDA church) and one
farmers market that I will sell my
produce to. There are 300 people
interesting in buying produce. I
will sale 100 heads of lettuce, 33
broccoli, 88 cabbage and 60# of
tomatoes each week during June,
July, august, September and
October.
”



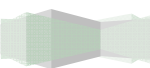
The market for CSA shares in the Boston Metro area is constantly growing. Currently farms are trucking in box shares all the way from western Massachusetts (Red Fire Farm brings in hundreds of shares a week) into the Boston, Cambridge, and Somerville area and farms in the Metro area have long waitlists for families that are eagerly awaiting access to locally grown produce.

The marketing plan for Luna Farm is to run a 30 share CSA (Community Supported Agriculture) that has an integral youth education and leadership program. The 30 CSA members will receive a share of produce each week from mid June thru late October the poundage of the produce will vary weekly and each member will receive enough produce to feed a typical family of four. Each share will cost \$600 and will require 10 hours of work on the farm. This work holds a financial price of \$75 and can be exchanged for the monetary value if the member chooses not to provide the 10 hours of work for the farm. The CSA will be the most reliable source of income and will involve a push for sign up in the fall and winter prior to the season. The CSA has a great deal of potential for growth as more land is accessed and more community members become involved in the farm. Marketing for the CSA will be done in the late fall until the CSA has filled. The primary form of marketing will be fliers and newspaper press releases.

The youth education program will run throughout the growing season and will integrate youth from classrooms in the spring and fall and then in the summer will employ 3 youth crew leaders, who are stipend, and a host of volunteers. Marketing for the education programs will be through fliers, promotion at school meetings, and community outreach.

The third part of the marketing plan will be farmers markets. We will start with just one local market a week in either Marblehead or Somerville and potentially visit the other market if the demand is great. We will sell at the market for 20 weeks and, since this is our first year, we will anticipate selling about \$500 of produce a week. We will provide the same variety of produce at the farmers market that we do for CSA members. The diversity of products will allow us to not rely on a single product to sell and will also allow us to add products when there is the demand. The weekly market will bring in a variable source of income but will be an integral part or advertising for both the CSA and the youth program. Farmer's Market coordinators do the majority of the outreach to bring customers to markets, but we will also promote our produce through fliers and by giving away free recipes with produce and offering other unique touches to our products.

Due to the fact that Luna Farm is located on the North Shore, most of the members of the CSA will fit the economic and cultural profile of the residents of the area. Many of the residents are middle to upper class and are primarily white. This does not mean that we will limit our members to this profile. Much of the mission of Luna Farm is to create equal access; therefore, we will provide sponsored shares to low income families and seek to promote cultural diversity amongst the consumers of our products and amongst our products themselves. The CSA will target families and households whereas; the farmers market will target individual customers.



IV. Learn how to apply your market research to your farm business plan

In this section we will take a small amount of time to review how the information captured by your market research will translate into documents in your business plan.

The first document that you will be drafting is your marketing plan, but we will be moving on to the following financial documents next week:

- Sales projection
- Cash flow
- Break even analysis

REMEMBER!

Homework:

- Complete competitive analysis
- Begin to write up your marketing strategy and plan (at least one page)

