

# Business Planning Essentials

Building a Sustainable Farm/Ranch Business

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February 22, 2014



# Overview

- What is “sustainable”?
- What can you sell?
- What can you grow/raise that you can sell profitably?
- What’s your story?
- The 3 Q’s
- Leasing vs. Owning your Land
- Questions of Scale
- Focused Diversity
- Responsibilities and Community

# What is Sustainable?

- Ecological Sustainability
  - Resource conservation
  - Resource enhancement
- Social Sustainability
  - Community involvement
  - Living wages for employees
- Economic Sustainability
  - Living wage for the farmer!
  - The other benefits disappear if the farm can't stay in business!





# What can you sell?



- Start by observing what isn't available locally?
  - Products or seasons
- Is there a reason this particular crop isn't available?
  - E.g., bananas
- Talk to farmers market managers, produce managers, chefs, etc.



# What can you produce at a profit?

- What are the physical resources of your land?
- What are you good at doing?
- What volume will you need to produce to make a profit?
- **KNOW YOUR NUMBERS!**



# What's your story?



- Stories have value for our customers! People want to know where their food comes from and how it is raised!
- How you produce your crop(s) is important
- Telling your story
  - Directly
  - Indirectly (through certifications)



# The 3 Q's

- Quality
- Quality
- **QUALITY!**

Without quality, our stories have no value. Stories get customers to try our products – quality keeps them coming back.



# Leasing vs. Owning Land

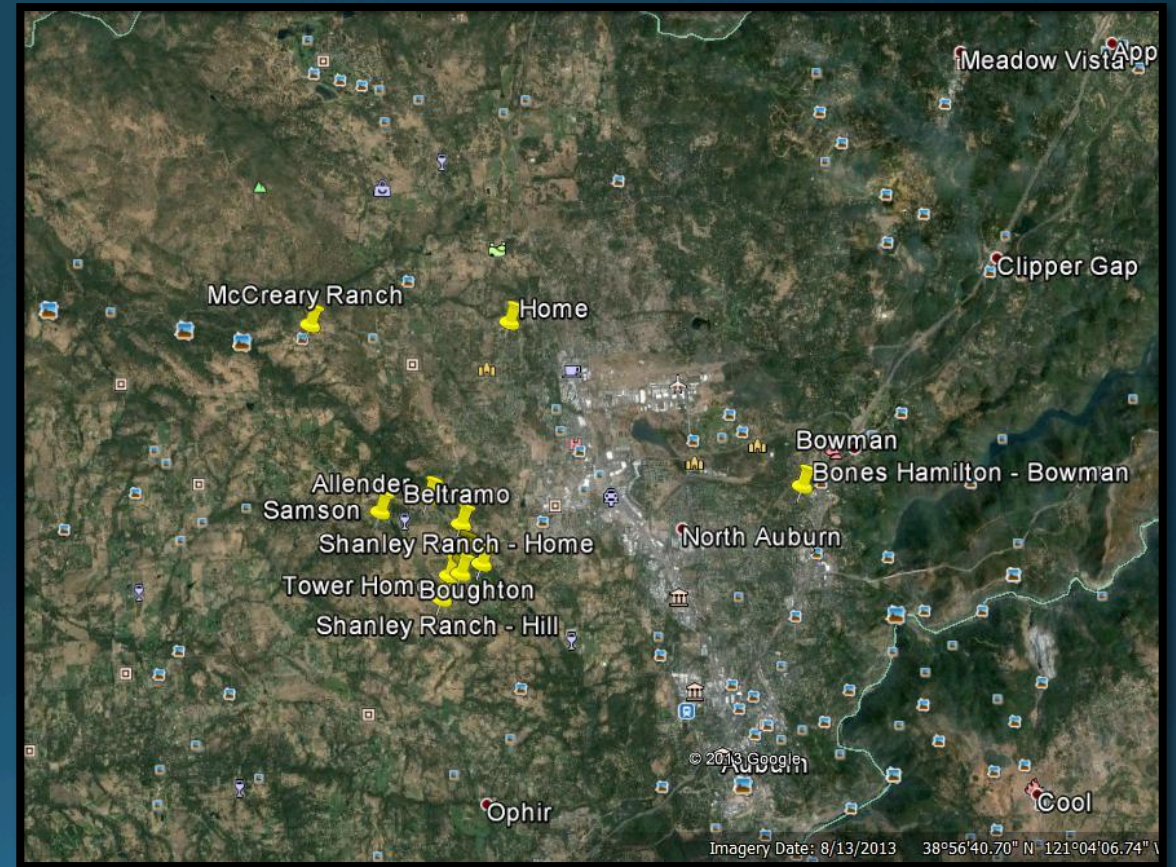


- Land values are not reflective of productive capacity in the Sierra foothills
- Access to land is related to scale – how big does your farm need to be to achieve your financial goals?
- Leasing can be a viable option for all kinds of operations
- Our experience...



# Questions of Scale

- How small is big enough?
  - Are you doing this full-time or part-time?
- Biological parameters
  - How many acres does it take to support a cow and her calf?
- Fragmentation of farm and ranchland can keep us spread too thin



# Focused Diversity



- Focus on a handful of crops and/or livestock species you can manage well!
- Too much diversity (in production or marketing) is inefficient.
- Look at diverse products from a single crop
  - Sheep example



# Value-Added Products



- Definition: Converting an agricultural product to another form AND increase its value.
  - Simply converting to another form does not necessarily add value.
- Reasons to consider Value-Added Products
  - Use second quality fruit or vegetables
  - Use surplus of specific crop
  - Use product that is undervalued in its current form
    - Examples: Cull Ewes and Lamb Pelts

# More on Value-Added Products

- Value-added products must be evaluated as if the value-added business were buying the raw product from the production business.
- Each step in adding value (especially with meat) adds a new layer of regulatory issues.
- **It's not value-added if you're not actually adding value to what the raw product is worth!**





# Responsibilities and Community

- Is this a hobby or a business?
- We all have a responsibility to treat our farms and ranches as businesses!
  - We need to price our products at a level that provides profit
- Be part of the community...
  - ... of farmers and ranchers
  - ... of our towns and countryside





# Questions?

