

## ***“Building a Successful and Viable Business Plan”***

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Thanks to ACORN for having me out here.

I'm from Everdale. We are a charitable organization, governed by a board of directors, with 5 full time staff and one part-time staff, including myself. Our mandate is to be a teaching farm (including a school program - we've hosted between 15 - 20,000 children - as well as the sustainable farming certificate - our version of the internship - and the farm planner, which is what I'm here to talk about.) The teaching work is only possible through our production farm. We have a 270 member Harvest Share, as well as selling at two major TO markets, and one local market, and we do some wholesaling as well.

So, about myself: I do not come from an agricultural background, and I do very little farming at Everdale. I don't have much expertise in production (though I learn a little more each year). I grew up in the suburbs of TO, and went to University of Guelph. I've worked in conservation, and education before discovering Everdale. I'm going into my fourth season at Everdale. I've run three sessions of the farm planner course, which is the purpose for which I was hired. I also do all the admin, promo, web, signups, and member communications for the CSA program, so I work there full time, year round. When I first got the job, I wasn't that excited about it. But I took the job and from there got inspired! I've always been interested in environmental sustainability and Everdale really fed on that. It's been a winding road. I hope I'm there for a long, long, time.

I'm here today to talk about building a farm plan. I want to run through some necessary components for a comprehensive farm plan, something that any entrepreneur should be doing. Farming is probably one of the hardest businesses you can choose to start.

According to the US Small Business Association - which has some useful online resources - entrepreneurs of successful businesses spend about 400 hours writing their business plan. Most folks don't realize it's that in depth of a process.

### **1. Vision**

This is the most important - and most overlooked - part of any business plan. Maybe people find it difficult, or trust that they have it in their heads, so don't bother writing it down. When I run this course, we spend almost a full day doing visioning. This is a good thing to do, generally, in life! I tell folks to consider three things:

(1) “Sustainability” is more than an environmental consideration - it’s also a financial/business consideration. (2) Though many people don’t get into farming to get rich, you do need to make money - this is where the economics come in. (3) Finally, quality of life is an important factor too. And a big reason many people get into farming.

When you’re doing your vision, think about the business, but also long term considerations, such as what your lifestyle is. What are your consumer habits? How much money you want to have, how much vacation is important for you. Do you have/want a family? And how much time is important to spend with them? What kind of community interaction do you want? I would recommend spread sheeting this, and working with it as a living document. You should be looking at it, and thinking about it all the time.

A light bulb for me was learning the concept of “Back casting.” Forecasting is the practice of predicting future events/activities based on past/present activity. I don’t think that works well for farming necessarily. With back casting, you alter your current situation based on what you want your success - your farm, your life - to look like. When you start your spreadsheet, go to the 20-year mark, or longer. And don’t be afraid to daydream. And then think about one step you can take right now to get you closer to that vision.

This end vision can guide you through each step and transition of your business, keeping you on track. And that end vision can change too. It’s not written in stone.

This vision statement has the potential to guide your every business decision. If your vision is a sentence or two, you can distill a mission from that and (maybe seven) guiding principles that are both good marketing tools, and help you tackle the specific things you need to do to fulfill your vision.

The vision is usually more of a sprawling spreadsheet that won’t mean much to anyone, except the creator(s). You can distill a mission statement and guiding principles from the vision though. That is what you present to the public.

## **2. Production Plan**

Again, this isn’t my expertise. But this is the backbone of any new business - products and services. I encourage you to think outside the box. Value-added is one of the smartest things you can integrate into your plan; also consider agri-tourism, workshops and education, etc. You’ll find templates online for putting this together. I generally warn people away from using templates. It’s a matter of considering what what information you need. Look at them, integrate them into

your research. Don't depend on them.

Your production plan will change. Just be comfortable with that. If you get 50% of it right, you're doing well. The first plan is always the hardest. The other thing to remember is to start small with your enterprises, and then grow it as you gain experience and expertise

### 3. Marketing

"Gardeners grow vegetables, farmers sell them."

If you want to do a CSA, you need to know number of shares, value of shares, how long you'll deliver, how many staff you'll need, what you'll provide, where your pickups will be, etc. If you know your target revenue, you can work backwards to inform your production plan. If you're doing livestock, you need an especially thorough marketing plan because clients are often pickier about the meat they consume than their veggies.

When marketing yourself, *sell your story*. People are buying more than just your product. People want a relationship with their food producers. Let them know how you got started.

### 4. Finances

This is a key part of the long-term sustainability of your business. Get familiar with the terminology! We'll start with the budget, including "cash flow", "fixed costs", "variable costs" - among others.

**Fixed costs** are costs you incur as part of your business, that do not change - such as market fees. **Variable costs** are business costs that shift depending on your situation. For example, seasonal staff are considered variable labour costs. **Overhead costs** always exist - such as mortgage - that need to be covered whether or not you even have a business. This can get complicated when you live in your place of business (like when you farm).

Basic budgeting is guided by "**revenue**" and "**expense**." I recommend splitting expense into "projected" and "actual." Unfortunately, the expense side is going to be a lot longer than the revenue side - as an itemized list - but let's hope the numbers align a little closer!

I think of cash flow as an expanded view of the budget. If you have a lot of liquidity, this category isn't as important. You can do this simply by splitting your cost into 12 columns and indicate *when* you incur each cost. If you're quite cash strapped, you might want to do this bi-weekly (so, 24 columns, instead of 12.)

You can assess fixed vs. variable costs with a simple graph (**It greatly oversimplifies how you should approach these costs but it's a good start**). With fixed costs represented on a steady line, and another line charted according to the flows of your variable costs.

The “**Overhead Trap**” has become a major challenge in farming as farmers have been encouraged to “get big:” plant corn, build infrastructure, and get into debt to do it. The more overhead costs you have to cover, the more you have to sell to break even. If you keep things small, you have more freedom and flexibility. The more overhead you take on, the higher your risk is. I’m not suggesting you buy nothing and do everything by hand. BUT before you make big capital purchases, consider carefully, and revisit your vision to decide if the purchase is in line with what you want or plan to do.

Your Production Plan, Marketing Plan, and Financial Strategy all inform each other. You can do them kind of at the same time... but take a stab first at your production plan. When you get to your finances, you’ll probably have to go back and revise things.

## **5. Record Keeping**

The most important thing here is to make it easy for yourself, and anyone else whose help you need. If you need to turn on a computer to do it, you probably won’t. Print it off, put it on a clipboard, hang it on the chicken coop. Make your own templates, according to what you need!

## **6. Risk Management**

Not all risks are agriculture specific.

## **7. Regulations**

Again, not all are agricultural. Know your enterprises and be an expert in what you do. Know the relevant policies, and be active in your local organizations and associations. Often times you are paying these people anyway, so use the services and resources they offer!