



Sustainable Business Planning

An Organic and Permaculture Approach

6-10-13

Objectives

- ❖ Student will gain understanding of basic principles of a “sustainable” business
- ❖ Student will learn how to measure farm work productivity and measure profitability

Definitions

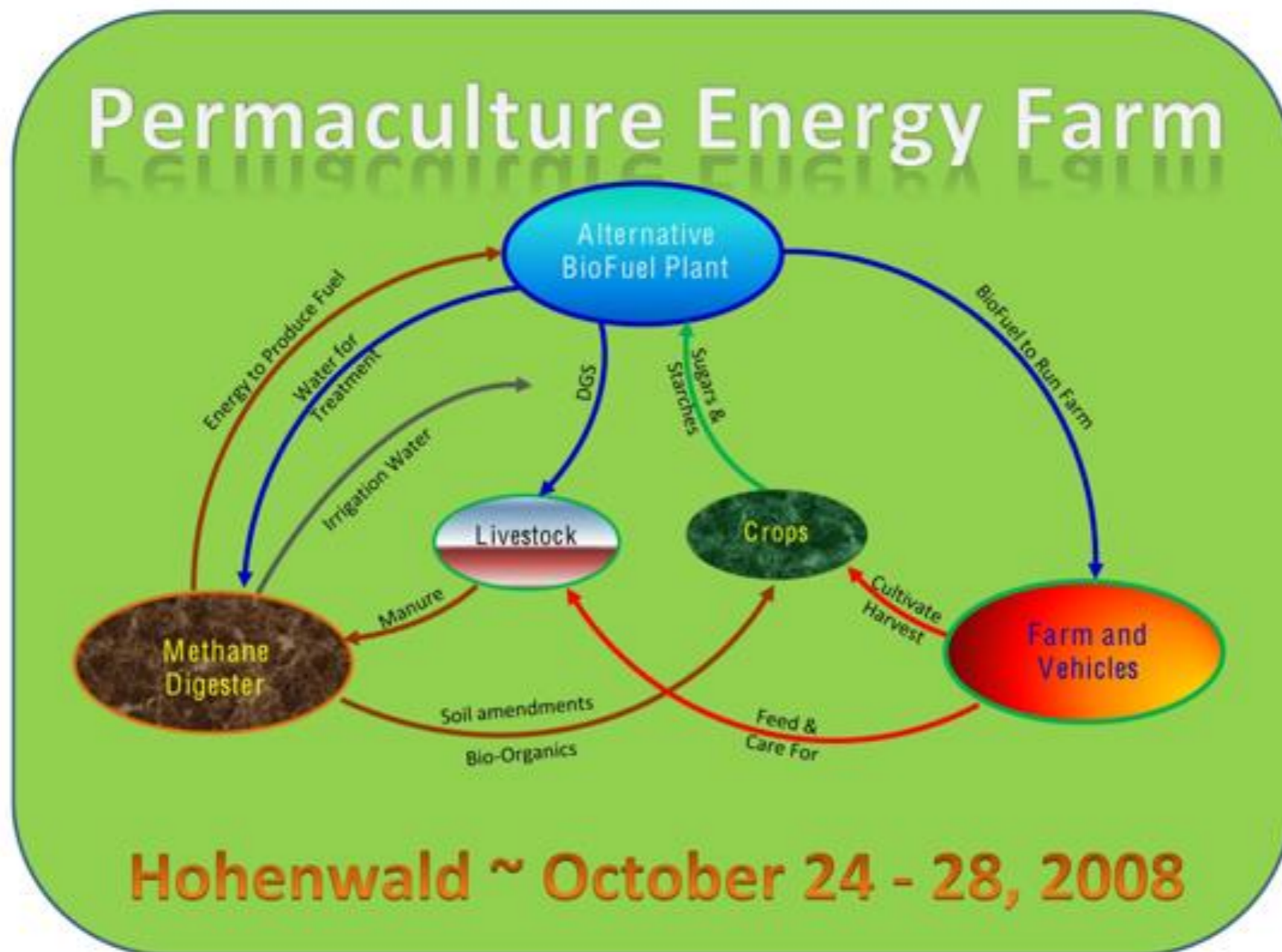
- ❖ sustainable: a practice that does not deplete natural resources
- ❖ gross sales: overall total income before expenses
- ❖ expense: cost or charge
- ❖ net profit: gross sales minus expenses

A sustainable farm...

- ❖ Provides a living for the farmers AND improves the quality of the land
- ❖ Wendell Berry: In addition to asking, “How can this land provide our living?” also asks, “What does the land need?”



Permaculture looks at the whole cycle of a farm when designing the farm system



A sustainable and permaculture business...

A sustainable organic and permaculture-based farm takes into account more than money.

There are 3 parts:

1. Social
2. Environmental
3. Economic

1. Social

- ❖ How are people impacted? What are the impacts of your farm methods on your local community? On your family? On you? On people thousands of miles away?



2. Environmental

- ❖ How is the air affected by your farm? The soil? The water?

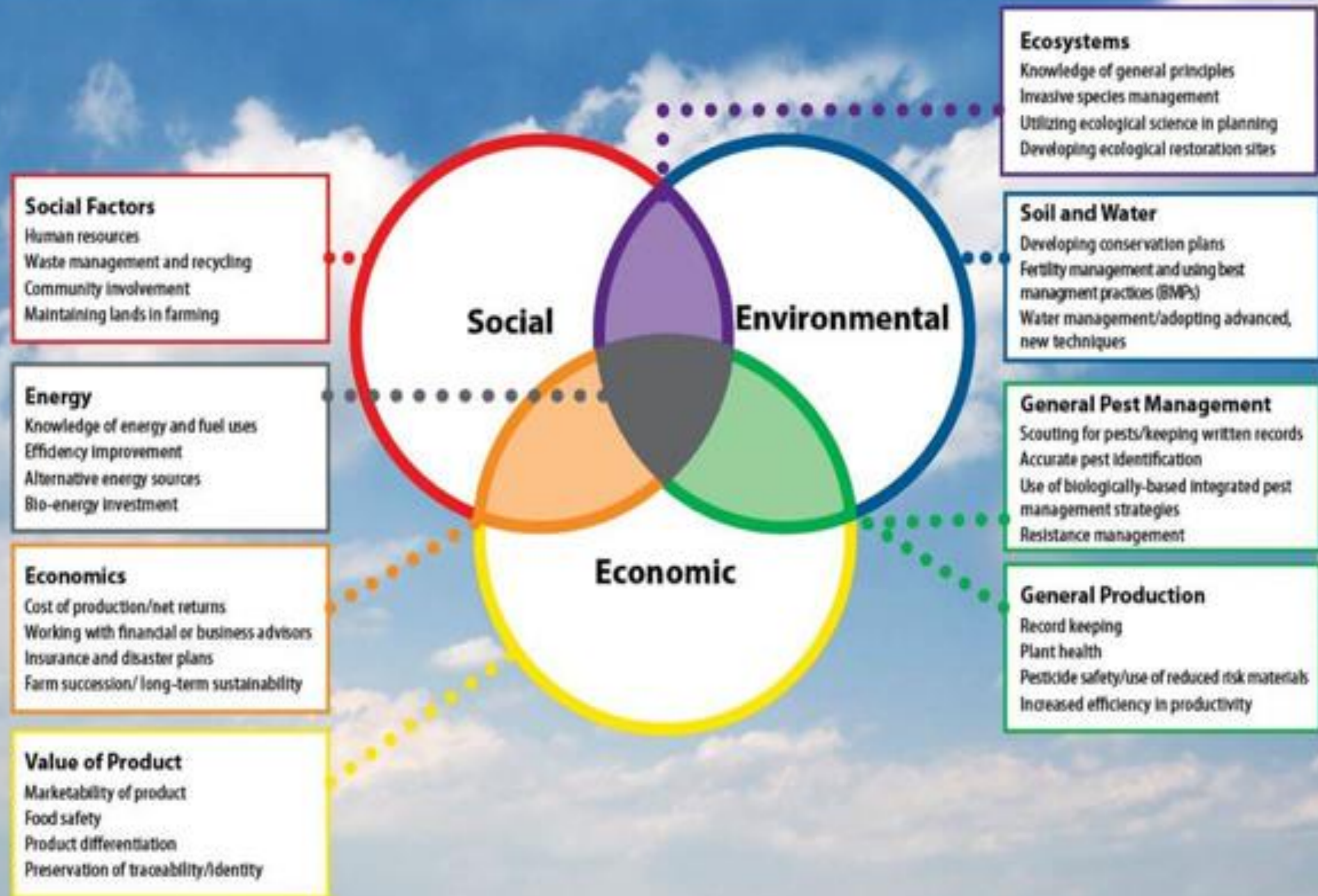


3. Economic

- ❖ Does your farm produce enough to pay the bills?



Three Elements of Sustainability



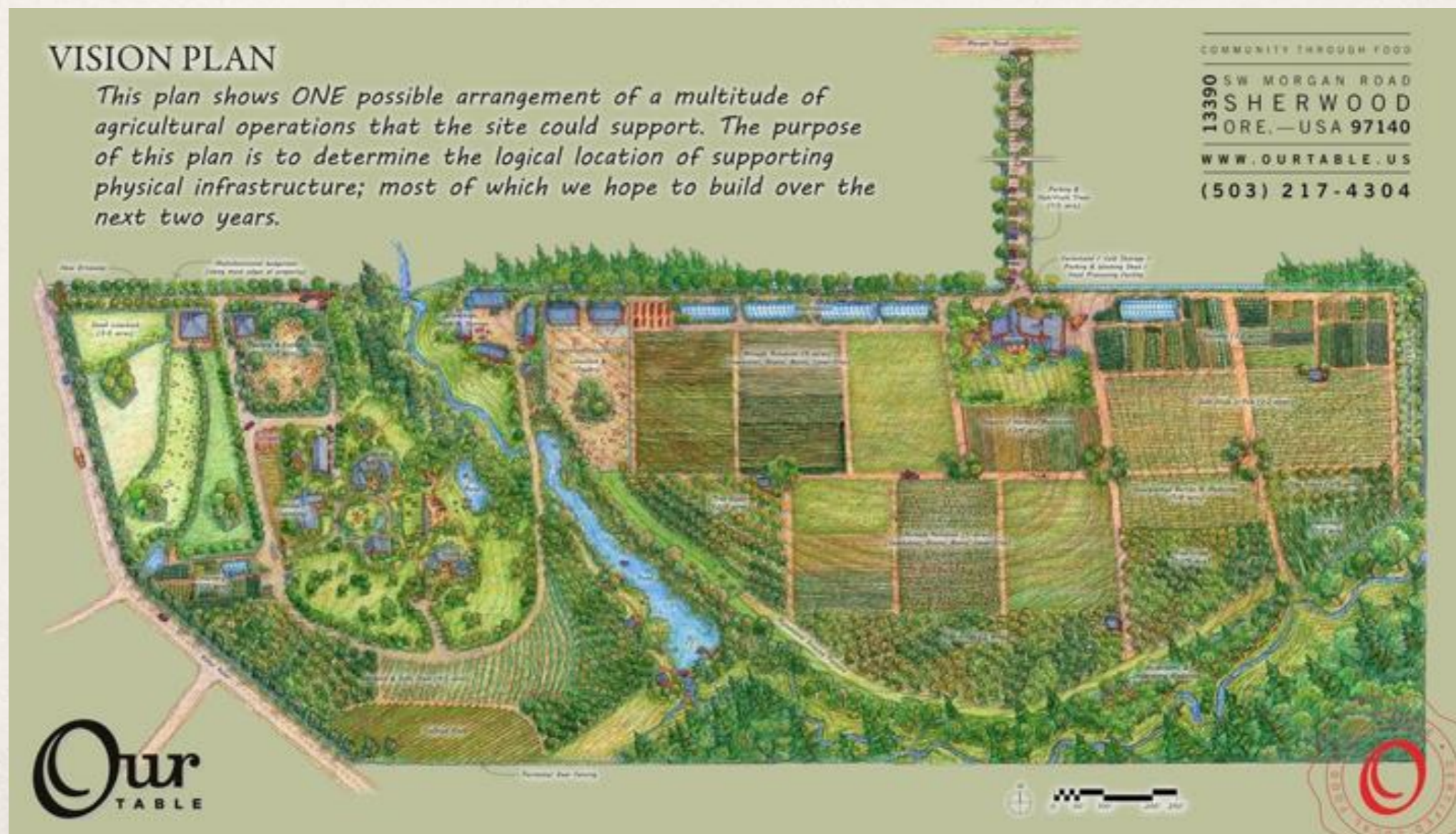
Consider these 10 successful practices in designing your sustainable farm business

1. Make a plan
2. Develop a soil fertility plan
3. Plan a sustainable production system
4. Develop sustainable markets
5. Track your income
6. Track and trim your expenses
7. Plan your expenses
8. Create a smooth work flow
9. Level the load
10. Remember to give back

Let's look at each step...

1. Make a plan

The first step is to make a plan--
--project your sales
--lay out your farm on paper





PERMABLITZ #62 PERMACULTURE DESIGN

MALVERN EAST
5 APRIL 2009
1:100
N

design by Steve Harris with assistance from the permablitz team
<http://www.permablitz.net>



Support trees to provide shade, wind-break, water, chicken fodder & (if nitrogen) species include legumes & selected acacias
selected support trees to be removed as orchard becomes established

fruiting olive tree as dense groundcover in orchard, covering it a vigorous deep-rooted tree which leaves shade on summer months as well as being great shade fruit/produce

water collected from house is fed to tank via underground pipes, overflow is returned to storm-water drain

raised veg bed with potatoes, herbs & salad greens
short fence in garden
composting area with herbs growing grapes for herbarium

main veg vegetable but include potatoes, corn, pumpkin, Jerusalem artichoke etc

double access paths vegetable beds that apply the permaculture principle of 'obtain-perpetual'

small pond to grow waterfowl (water chickens, ducks etc) & attract beneficial animals, insects & birds

* (et - established tree)

2. Develop a soil fertility plan

Get a soil test and make short and long-term plans to amend soil

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REPORT NUMBER: 05-268-058 CLIENT NO: 9999-D SUBMITTED BY: EDDIE

SEND TO: EDDIE TANNER
101 HILL ST
ARCATA, CA 95521- GROWER: DEEPSEEDED FARM

DATE OF REPORT: 10/01/08 **SOIL ANALYSIS REPORT** PAGE: 1


SAMPLE ID	LAB NUMBER	Organic Matter		Phosphorus		Potassium	Magnesium	Calcium	Sulfur	pH		Hydrogen	Cation Exchange Capacity	PERCENT CATION SATURATION (BASES)				
		% Nafrog	EMC Soil	Weak Bray	Nafrog	K	Mg	Ca	S	Soil	Soil	H	CEC	K %	Mg %	Ca %	H %	Na %
NE000	54397	5.2H	134	19M	18**	139M	441H	1318L	38L	5.3	6.5	4.8	15.5	2.3	23.3	42.3	31.0	1.1
NW000	54398	5.4VH	137	9L	14**	91L	494VH	1178L	38L	5.5	6.6	3.0	14.0	1.7	29.1	42.1	26.0	1.2
SW000	54399	5.4VH	138	60VH	57**	121M	286H	921L	28L	6.0	6.7	2.3	9.7	3.2	24.5	47.5	23.5	1.3

** NaHCO₃-P unreliable at this soil pH

SAMPLE NUMBER	Nitrogen	Sulfur	Zinc	Manganese	Iron	Copper	Boron	Excess Sulfur	Soluble Salts	Chloride	PARTICLE SIZE ANALYSIS			
	NL-N	SO-S	Zn	Mn	Fe	Cu	B	Sulfur Rating	Salts	Cl-	SAND %	SILT %	CLAY %	SOIL TEXTURE
NE000	21M	4L	1.8M	2L	132VH	1.2M	0.6M	L	0.2VL		60	26	13	SANDY LOAM
NW000	12L	5L	0.8L	1VL	118VH	1.5H	0.5L	L	0.1VL					
SW000	5L	4L	2.3M	1VL	141VH	1.4H	0.4L	L	0.1VL					

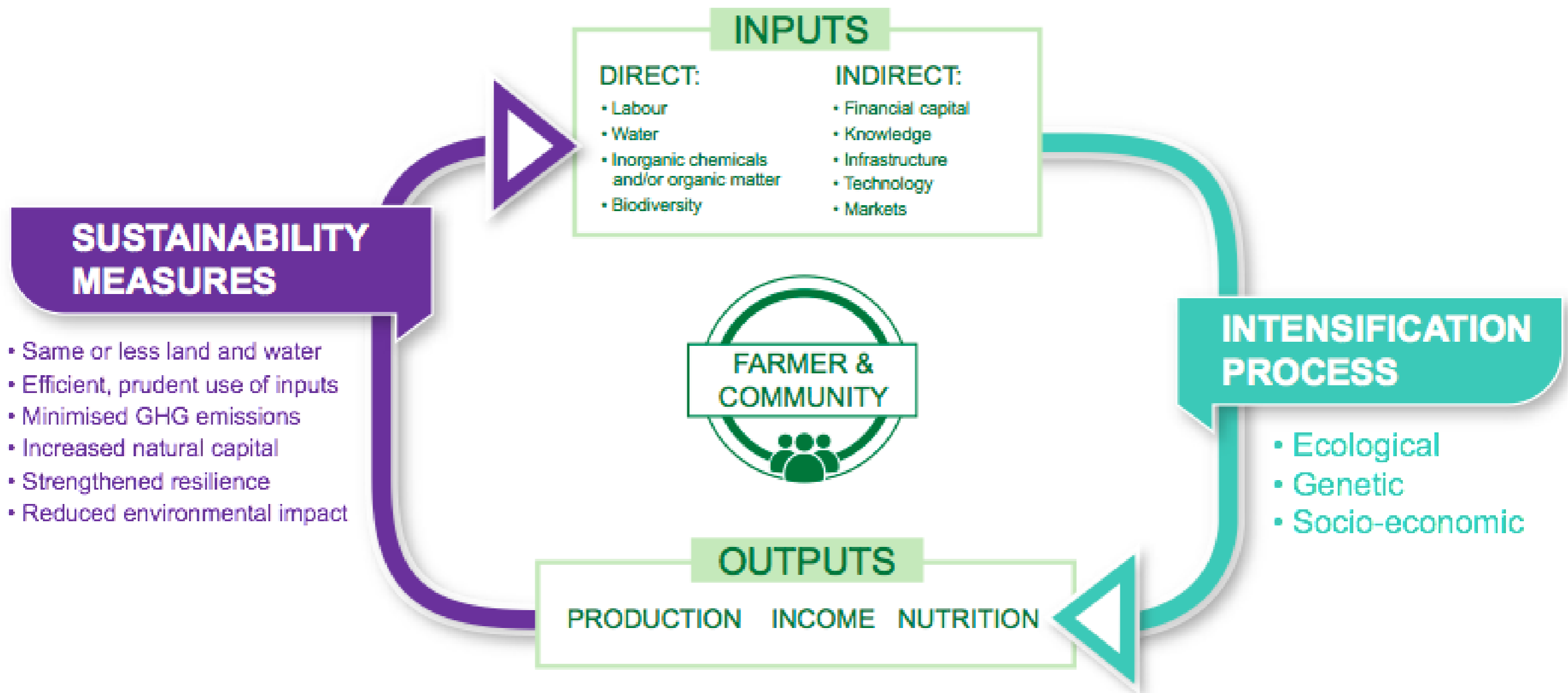
* CODE TO RATING: VERY LOW (VL), LOW (L), MEDIUM (M), HIGH (H), AND VERY HIGH (VH).
 ** EMV - ESTIMATED NITROGEN RELEASE
 *** MULTIPLY THE RESULTS IN ppm BY 2 TO CONVERT TO LBS PER ACRE OF THE ELEMENTAL FORM
 **** MULTIPLY THE RESULTS IN ppm BY 4.4 TO CONVERT TO LBS PER ACRE P₂O₅
 ***** MULTIPLY THE RESULTS IN ppm BY 1.4 TO CONVERT TO LBS PER ACRE K₂O
 MOST SOILS WEIGH TWO (2) MILLION POUNDS (DRY WEIGHT) FOR AN ACRE OF SOIL 6-8 INCHES DEEP

This report applies only to the samples tested. Samples are retained a maximum of thirty days after testing.


 Mike Butters, CPAg
 A & L WESTERN LABORATORIES, INC.

3. Plan a sustainable production system

Plan what to plant, when to plant, and who to market to. Try to be realistic in the first year.



4. Develop sustainable markets

Successful businesses are partnerships. Meet with restaurant owners, customers, chefs. Scout out your markets and develop relationships.



5. Track your income

- ❖ Develop a system to track your sales.
- ❖ Ideally, track sales of each type of item you sell (tomatoes, peppers, etc.) AND who the item is sold to (chef, farmers market, etc.)
- ❖ Use technology to help (QuickBooks)

Income...Find metrics to measure success...

Pick one simple metric to use across all of your products. For example:

- ❖ Dollar value per harvest container
- ❖ Value per row foot (important for smaller farms)
- ❖ Value you can harvest in one hour
 - ❖ SPIN farming website: spinfarming.com

6. Track your expenses

Ideally, keep track of expenses for each item you grow

Start at the beginning and keep track all the way to the end. Examples:

- ❖ seed costs
- ❖ costs to plant, weed, harvest (labor)
- ❖ costs to transport to market
- ❖ costs to rent booth space

Work as hard to trim expenses as you do to increase sales

- ❖ You can increase profits in only two ways: expanding sales or cutting expenses.
- ❖ Examine a printout of your expense ledger and ask, “How can we trim another 5% off this year?”



trim expenses...

With expense-cutting growth, savings are perennial. For example:

- ❖ If you can save \$500/year on a cheaper compost from another supplier, over 10 years you'll have saved \$5000.
- ❖ If you can find a way to shave an average of just 20 minutes per day off your processing time, over ten years you will free up 52,000 minutes--or 36 days!

then...spend time deciding what NOT to do

- ❖ After you have information on how different crops are performing, starting eliminating those that track low and scaling up those that perform well.
- ❖ Be ruthless. (Consider growing low-performers in a kitchen garden.)
- ❖ Set a bar. For example, eliminate crops that do not yield a set dollar value per hour spent harvesting and processing



7. Plan to get organized!

- ❖ An organized farm will be more profitable.

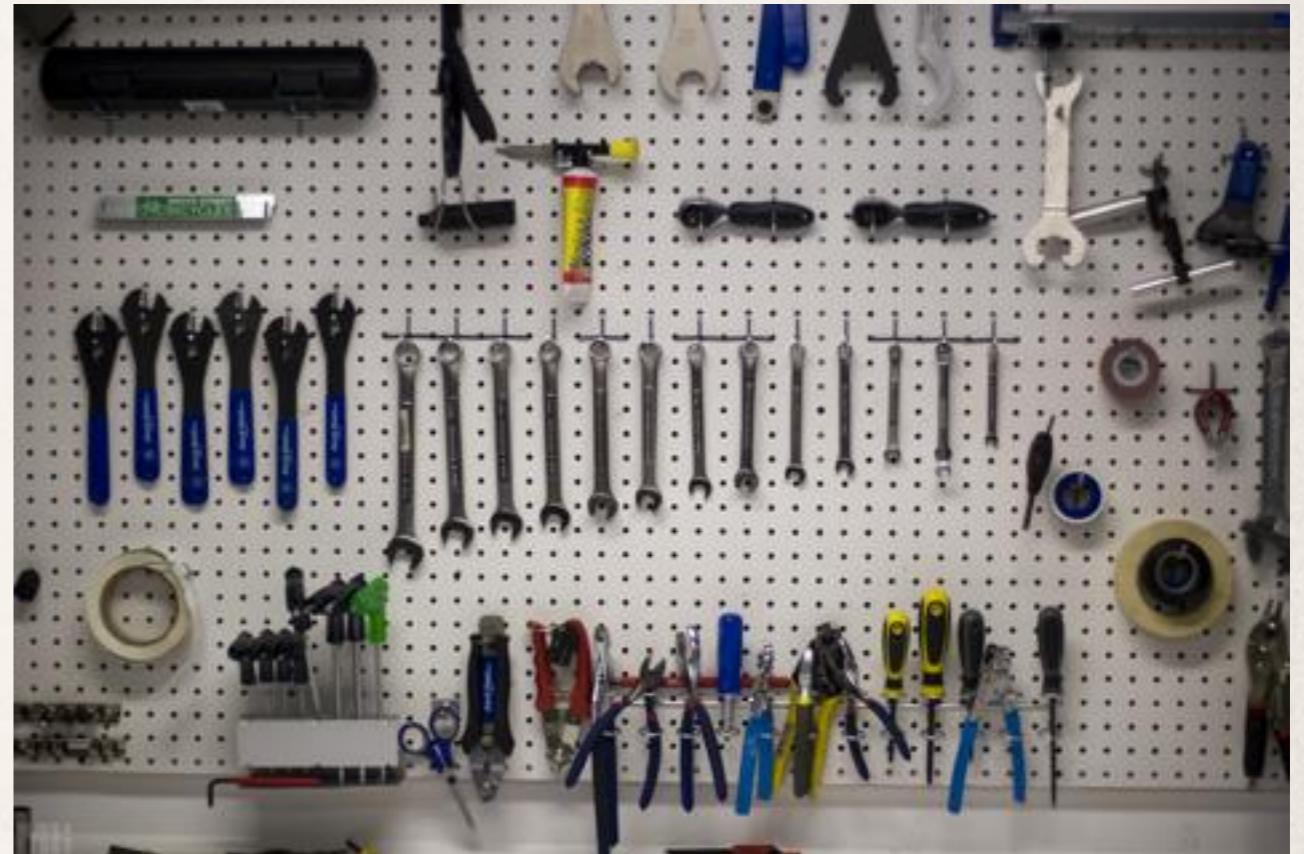
Get organized... Sort it



- ❖ Get rid of anything that is not absolutely necessary for your production and keep only what you need. When in doubt, get rid of it.
- ❖ Did you use it in the past 12 months? If not, the chances are good you won't use it in the next 12 months.

Get organized... Set it in Order

- ❖ Every tool should have a place. At any given time, it should be in its place or in the hand of a worker.
- ❖ Think of work stations instead of storage rooms.
- ❖ Don't stack, keep tools at eye level.
- ❖ Keep tools close to where they are used.



Get organized...Shine it

- ❖ Keep your workspaces clean - always.
- ❖ High gloss paint on floors and walls cleans well.
- ❖ Use plenty of light.
- ❖ Use a system for collecting recycling and waste. (Green totes and gray totes, for example)

Get organized...sustain your system!

- ❖ Make sure you and your crew USE your systems.
- ❖ In some factories, a worker is assigned at the end of each week to rate cleanliness!
- ❖ Set aside time each week for cleaning.
- ❖ Twice a year, “take it to zero”– remove everything from a space, clean thoroughly, and clean items as they are brought back in.

8. Create a smooth work flow

- ❖ Create a spaghetti diagram: Imagining watching your farm from overhead. Trace a line on paper whenever people move around. By the end of a typical harvest day, many farms would look like a plate of spaghetti.
- ❖ Smooth the noodles (eliminate unnecessary work):
 - ❖ keep tools close to where they will be used
 - ❖ harvest as market-ready as possible (eliminate moves)
 - ❖ example: harvest directly into totes going to market

9. “Level the Load”--spread out your work

- ❖ Spread out the weekly and yearly workload to avoid peaks
- ❖ Prepare Spring beds in Fall
- ❖ Harvest throughout the week
- ❖ Keep a winter project list
- ❖ Stretch out the season with greenhouses/season extension

10. And remember to give back!

- ❖ With your profits you can give back to your community by donating food and money to local food banks
- ❖ Give back to your land too: let it rest at least once/year by planting cover crops



Self-Check Review Questions

- ❖ What three areas of impact must a “sustainable” business take into account?
- ❖ What are different ways to measure profitability?
- ❖ How can farm work be spread out throughout the year?

Resources

- ❖ Specialty Crop Research Initiative: UW Madison
- ❖ <http://ipcmRes.wisc.edu/scri/>
- ❖ spinfarming.com
- ❖ milkwood.com