

Best Business Practices for Farmers

Lessons from 15 Successful Farmers' Market Farmers
in British Columbia

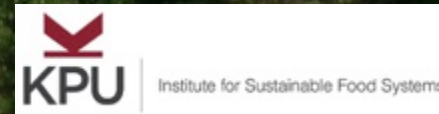
Webinar Presentation

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Institute for Sustainable Food Systems

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Image: Ice Cap Organics, Pemberton





BC Association of Farmers' Markets

BCAFM is a non-profit organization that exists to support, develop and promote farmers' markets in BC. They currently support over 145 farmers' markets and 3,000 vendors including 1,000 small scale farmers that sell farm products directly to consumers.

Discover over 145 farmers' markets across BC at:

bcfarmersmarkets.org



Institute for Sustainable Food Systems

ISFS investigates and supports regional food systems as key elements of sustainable communities through:

- Applied research
- Extension
- Community collaboration

Learn more about work that supports local and regional food systems at:

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Webinar Outline

1. Project Background
2. Best Business Practices Introduction
 - Financial Management
 - Human Resources
 - Marketing
 - Farm Operations
3. Questions and Comments

Project Purpose

Document and share best business and management practices of farmers selling at BC farmers' markets, in order to:

- 1. Identify the path to a successful small-scale, direct market farming operation.**
- 2. Develop a strong direction and support for the local, direct market food system.**
- 3. Increase awareness of small scale farmers selling direct to the public through farmers' markets, within the farming sector and amongst consumers.**

Who Did We Interview?

- Farmers self identified, and were suggested by farmers' market managers across the province, this was facilitated by the BC Association of Farmers' Markets and the Young Agrarians
- The farmers we interviewed were diverse, but commonly all sell at farmers' markets as at least one of their marketing channels

Who Did We Interview?

Greater Vancouver

- Crophorne Farm
- Zaklan Heritage Farm

Sea to Sky

- Ice Cap Organics

Northern BC

- Happy Pig Organic Farm

Fraser Valley

- Earth Apple Farm
- Taves Family Farm

Kootenay Rockies

- 3 Crows Farm
- Cutter Ranch

Cariboo Chilcoten

- Mackin Creek Farm

Thompson Okanagan

- Sterling Spring Chicken
- Pilgrims Produce
- Stein Mountain Farm

Vancouver Island

- Little Qualicum Cheeseworks
- Stonefield Farm
- Amara Farm

What are Best Business Practices?



Image: Mackin Creek Farm, Quesnel

Best business practices (BBP) refer to practices or techniques that through experience and experimentation have proven to be instrumental in achieving success in direct-market farm business operations. These practices maximize available resources, leverage connections, and highlight innovation.



Image: Amara Farm, Comox Valley

Key Areas of Performance

- Financial Management
- Human Resources
- Marketing
- Farm Operations



Image: Ice Cap Organics, Pemberton

Financial Management

- Money isn't everything, but it takes money to run a farm business
- A good farmer also needs to be a good financial manager
- Basic financial literacy is important
- A variety of strategies are used by farmers to track and analyze financial success

BEST BUSINESS PRACTICE: Evaluate management capacity and market readiness when considering new farm enterprises.

- Before jumping into a new endeavor, creating a business plan is a must
- Ask yourself and your team some important questions:
 - ☐ Do you have capacity to manage everything at the same time?
 - ☐ Is there a market for your new product?
 - ☐ How does the new product fit with your current operation?
 - ☐ How does the new product help you achieve your short- and long-term business goals?

BEST BUSINESS PRACTICE: Establish record keeping systems and align them with business goals and personal values.

- Good record keeping is key to success!
- Financial and production records
- There are many ways to maintain records: pen and note book, spreadsheet, computer software, smart phone applications

BEST BUSINESS PRACTICE: Determine the economic feasibility of farm enterprises through enterprise analysis or partial budgeting.

- Know the cost and return of each enterprise in order to make smarter decisions about what to grow and how to sell it
- Enterprise analysis: assessing profit or loss by comparing cost per unit and price of various farming ventures
- Pay attention to the bottom line and other significant changes

Financial Management: Summary



Image: Zaklan Heritage Farm, Surrey

- When it comes to financial literacy, know your strengths!
 - ❑ Take advantage of farm business training opportunities
 - ❑ Look for traditional small business training opportunities to improve financial literacy and business management skills
 - ❑ Hire a trusted and dedicated staff person to help you manage farm finances

Financial Management: Summary



Image: Mackin Creek Farm, Quesnel

- Record keeping can be a challenge, but it's critical to success
 - ❑ Know what information you need to collect and how it will aid in decision making
 - ❑ Make connections between financial and production records to help set and achieve business goals

Financial Management: Summary



Image: Little Qualicum Cheeseworks, Parksville

- Your business may rely on more than one enterprise to be financially viable
 - ❑ Think about how these enterprises fit together
 - ❑ Consider your capacity to manage multiple enterprises; including production and marketing



Image: Mackin Creek Farm, Quesnel

Human Resources

- Human resource management is **VERY** important in a farm business (even if you are a sole proprietor!)
- The top key driver of farm financial success is the “propensity to learn and improve”
- Who? Yourself, spouse/family members, employees

BEST BUSINESS PRACTICE: Seek mentors and mentorship to gain knowledge and build skills in business management and production.

- New farmers can learn from the experiences of others to help them grow their own farm businesses
- Formal and informal mentorships
 - ☐ on farm apprenticeship/internship
 - ☐ mentorship program
 - ☐ meeting people through networking
- Do not attempt to imitate your mentor's business
- Be honest with mentors about your challenges and struggles

BEST BUSINESS PRACTICE: Establish or connect with networks that reflect your business, production and personal values.

- Talking to people with similar experiences and challenges is beneficial
- Networking opens up different types of opportunities
- Several networking choices: join organizations, meet people at farmers' markets or agricultural events, online
- It's about learning and sharing, be ready to help, learn from others, and collaborate

BEST BUSINESS PRACTICE: Integrate family members into the business in ways that reflect their strengths and professional goals.

- Working with family members can be very rewarding and hard at the same time
- Family members vs non-family employees: need clear roles/responsibilities, hierarchy, expectations and rewards
- Use a trial or probationary period to slowly integrate family members into the business
- Give family members the opportunity to lead and explore. Have a clear succession plan in place, if and when appropriate

BEST BUSINESS PRACTICE: Communicate personal and business goals clearly and honestly with family or business partners.

- Farming is a business but also a lifestyle
- Good communication reduces misunderstanding and the breakdown of partnerships/ relationships
- Consider setting up formal team meetings
- Discuss potential lifestyle changes that may impact the farm business in advance, and be realistic about your expectations

BEST BUSINESS PRACTICE: Create employment opportunities that attract and retain the right kind of employees.

- Having the same people return to work each growing season reduces stress, and costs of recruitment and training. It also increases farm stability, efficiency and profit
- Returning staff alleviate pressure on owners/operators, and contribute to the growth of the business
- Potential workforce: locals, volunteers, foreign workers

Human Resources: Summary



Image: Crophorne Farm, Ladner

- Networking is valuable to the growth and development of small farm businesses
 - ☐ Access resources and learn from the experiences of other farmers
 - ☐ Networking takes a variety of forms
 - ☐ Personal support is important in your farming career

Human Resources: Summary



Image: Cutter Ranch, Fort Steele

- Defining roles and responsibilities on the farm is important to business success and personal satisfaction
 - ❑ Establishing formal roles can be especially important in family farming situations
 - ❑ Succession planning discussions should consider personal and professional goals of the next generation

Human Resources: Summary



Image: Mackin Creek Farm, Quesnel

- Your approach to human resources will have an impact on all aspects of the business – find the right fit!
 - ☐ Employees who are committed to the business can contribute in positive ways
 - ☐ Flexible opportunities may help to attract people who can contribute more to the business
 - ☐ Recognize that farming is not for everyone



“Marketing is about determining the value of your product or service and communicating that information to customers.”

– Canadian Business Network

Image: Taves Family Farm, Abbotsford

Marketing

- Farming is still a business, and there is competition in an open market
- Question: Why should customers want to buy carrots from me rather than somewhere else?
- Craft your story → create a brand → collect market intelligence

BEST BUSINESS PRACTICE: Craft an engaging story about your farm.

- Your brand “story” is the first element of your business that customers will relate to/engage with.
 - ☐ Stay authentic to your business and personal values. Communicate these to your customers
 - ☐ Don’t underestimate the power of brand “story” engagement in creating customer loyalty
 - ☐ Maintaining an up-to-date website/Facebook/Instagram contributes to the success of your business

BEST BUSINESS PRACTICE: Promote transparency and authenticity.

- Your products may not be entirely unique, but your story is
- Stay authentic and true to your core values
- Consider the first impression of a customer taking a leap of faith with your products
- Develop social media platforms that clearly communicate who you are
- Direct marketing feeds on honest and open communication between farmers and customers

Summary



Image: Stein Mountain Farm, Lytton

- Consumers buying directly from you want to get to know the people behind the food
 - ☐ Use social media and other online platforms to share news and information about what's happening on the farm
 - ☐ Talk to your customers about farming successes and challenges
 - ☐ Relationship building is key to your marketing strategy!

BEST BUSINESS PRACTICE: Use farmers' markets as the entry point to direct-market sales and a gateway to other marketing channels.

- Farmers' markets are a great starting point for new entrants to small scale farming because:
 - ☐ Not much pressure on product quantity
 - ☐ Farmers take all the money home at the end of the day
 - ☐ Put your name and face out there for customers to meet
 - ☐ Interact with customers and tell them your story
 - ☐ Build connections with customers, other farmers, and businesses in the food industry

BEST BUSINESS PRACTICE: Dedicate time and resources to educate consumers about new products and services.

- Develop relationships, educate people about your farm and your services
- Farmers' markets can help establish your presence in the local market but can be harder to manage as your business grows
- If possible, attend farmers' markets in person, or send staff who are capable of educating customers about your products
- Be an advocate and educator in the local food movement

BEST BUSINESS PRACTICE: Use a variety of marketing channels to increase exposure and gain market share.

- Capture market share, maintain market presence, reduce risk
- Use physical and digital platforms for marketing. Keep up to date with the latest technology and social media platforms
- Explore marketing channels beyond the farmers' market e.g. community supported agriculture (CSA), wholesale, restaurants
- Use selling techniques that are engaging e.g. offer samples of new or unusual products, and try out sales/discounts

BEST BUSINESS PRACTICE: Work cooperatively to establish and access local markets and gain economies of scale.

- Build your support network of farmers
- Attend farmers' markets, meet other farmers, develop relationships
- The benefits of working cooperatively:
 - ☐ Share effort, time, resources
 - ☐ Cost sharing
 - ☐ Less stress

BEST BUSINESS PRACTICE: Capitalize on the momentum of the local food scene in the community or region.

- The local food movement has momentum and is gaining strength in BC
- Make sure your business is ready when new opportunities come your way
- Keep up with market trends, talk to customers, see what other farmers are growing/doing
- Continue to make connections locally and regionally

Summary



Image: Sterling Springs Chicken, Falkland

- Build your brand by being consistent and taking advantage of opportunities to showcase your farm
 - ☐ Farmers' markets provide an opportunity to directly access an existing customer base
 - ☐ Dedicate time and resources to building your brand
 - ☐ Connect with and build on the momentum of the local food scene in your region or community

BEST BUSINESS PRACTICE: Test new markets by starting small and focusing on delivering quality products and building new client relationships.

BEST BUSINESS PRACTICE: Understand the unique needs of the consumer market where farm products will be sold.

- Keep up to date with changing market demands
 - ☐ Sources for information include: seed catalogues, production publications, educational institutions, other farmers
 - ☐ Talk to customers, do formal surveys (like a CSA survey)
 - ☐ Collect info on food trends, food fads, market demands
- Find a balance between market demands and your personal values

Summary



Image: 3 Crows Farm, Cranbrook

- Engaging directly with customers provides many opportunities to learn about what they are looking for and respond accordingly
 - ❑ Consumer markets will vary based on region and demographics
 - ❑ Establishing open lines of communication with customers allows you to gain ongoing feedback



Image: Cutter Ranch, Fort Steele

Farm Operations

- Farming is never static, it is always changing depending on finances, human resources and marketing
- Assess the farm operation on a regular basis to evaluate operational gaps and production inefficiencies

BEST BUSINESS PRACTICE: Diversify production to maximize market return and minimize risk.

- Crop diversity can provide you with a competitive market edge
- Make operational decisions with knowledge of market trends, consumer demand, competition and financial returns
- Diversification allows you to maximize customer spending during each visit to your farmers' market stall.
- Diversify the services you offer, especially if customers come directly to your farm to purchase products

BEST BUSINESS PRACTICE: Increase value-added farm products and services to access unique growth and revenue generation opportunities.

- Increase returns by adding value to your farm products
- Assess farm capacity and recognize market gaps. Where are you losing money? Where can you earn more money?
- Diversifying your operation does not always mean expanding your scale
- Evaluate your capacity to do value-added products

BEST BUSINESS PRACTICE: Make strategic and direct investments to take advantage of niche markets.

BEST BUSINESS PRACTICE: Make strategic investments to reduce production costs for increased enterprise profitability.

- Invest in production, processing or marketing that can help you capture more value
- Make improvements to lower your cost of production. Pay attention to the most costly parts of your operation
- It's essential to maintain accurate records that will allow you analyze your finances

BEST BUSINESS PRACTICE: Maintain or gain control over processing activities to ensure product quality and respond to market demand.

- Be transparent and honest about how your food is grown, raised and processed
- Research your chosen processing facility, and be involved with every step of the operation

Farm Operations: Summary



Image: Happy Pig Organic Farm, Smithers

- Farming has inherent risks, increasing diversity is a strategy that can help you manage this
 - ☐ Enterprise diversity
 - ☐ Market diversity
 - ☐ Crop/variety diversity

Farm Operations: Summary



Image: Pilgrims' Produce, Armstrong

- Invest strategically in scale appropriate equipment and infrastructure
 - ☐ Improve production efficiency
 - ☐ Access niche markets

Farm Operations: Summary



Image: Stonefield Farm, Mill Bay

- Invest in, or otherwise take control of the processing of your product to retain value and ensure your customers are getting a high quality product
 - ☐ Maintaining control of the processing and retailing of your products allows you to capture more value
 - ☐ Ensuring high product quality will help establish customer loyalty

Conclusion

- Farmers learning from farmers is a powerful opportunity
- These BBPs represent a suite of practices, necessary to address all four key performance areas
- It's not about mimicking others but understanding how the BBPs shared here could work for you
- Most farmers don't enjoy business management, but understand it is necessary to allow them to do what they love!

Resources

Online Resources:

Choosing Software Tools for Small Farmers: <http://youngagrarians.org/software-tools-for-small-farms/>

Reviews on record keeping apps:

<http://agfax.com/2017/01/16/smartphone-recordkeeping-apps-review-plus-7-tips-to-help-you-choose-wisely/>

Record keeping: COG Pro for organic certification: <https://cog-pro.com/>

Crop Planning & Successions: Johnny's crop planning worksheets:

<http://www.johnnyseeds.com/growers-library/online-tools-calculators.html>

Canadian wholesale organic pricing: <http://www.certifiedorganic.bc.ca/rcbtoa/services/prices.html>

New Farmers mentorship and business planning tools: <http://youngagrarians.org/tools/business/>

Small & Urban Farm Resources: <http://ffcfprojects.ca/smallfarmer/>

Customize database app for record keeping: Memento Database

<https://play.google.com/store/apps/details?id=com.luckydroid.droidbase&hl=en>

Resources

How To Use Social Media? <http://www.socialmediaexaminer.com/getting-started/>
<https://moz.com/beginners-guide-to-social-media>

Young Agrarians Business Mentorship Network and Farm Business Tools:
<http://youngagrarians.org/tools/business/>

Kwantlen Polytechnic University Enterprise Budgets: <http://www.kpu.ca/isfs/enterprise-budgets>

Smart Farm BC: <http://www.smartfarmbc.ca/>

BC Association of Farmers' Markets:
<http://www.bcfarmersmarket.org/resources/subpage/farmers-success-stories-project>

Resources

Books:

The Organic Farmer`s Business Handbook; Richard Wiswall

The Market Gardener; Jean-Martin Fortier

Crop Planning for Organic Vegetable Growers; Frederic Theriault and Daniel Brisebois

Market Farming Success;Lynn Byczynski

Other Media:

The Farmer to Farmer Podcast : <http://www.farmertofarmerpodcast.com/>

Small Farm Canada Magazine: www.smallfarmcanada.ca

Growing for Market Magazine: www.growingformarket.com

Questions?

- Please type your questions into the question box on the webinar control panel
- We will do our best to get to as many questions as possible
- You can always contact us later if you have other questions – contact information will be provided!

Thank you to our project funders:

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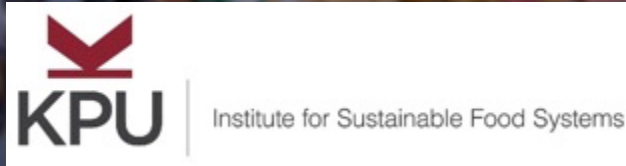
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