Workshop Title: Farming Smarter, Not Harder

Speaker(s) & their titles: Richard Wiswall, Cate Farm, Plainfield, Vermont

Executive Summary

Richard Wiswall speaks on the importance of good record keeping in farming and putting profit ahead of income and expenses when creating farm budgets. He approaches record keeping from a highly practical position to help farmers realize that it is likely that some of their crops are more profitable than others and it is important to track and calculate these facts.

Detailed Notes

Introduction

Richard Wiswall started farming in a partnership in which he owned 5% of the land and rented the farm from the partnership. After 12 years he borrowed money to buy out other partners. Leasing is a good way to get into farming with a lower investment. Richard also helps other farmers through workshops and consulting and is the author of *The Organic Farmer's Business Handbook*. His goal is to help create happier, less stressed out and more productive farmers.

Planning for Profit

Profit = income - expense is the most important concept for Richard as this puts profit before income and expenses. He also emphasizes that it is important to live within your means. Income - expense = profit (which is how a CSA works) and Expense + income = profit (which is more like how a traditional farm works) both put profit at the end of the equation and therefore a small profit can be justified by excuses but in the end these are all just rationalizations.

The profit equation is done once a year when doing taxes but this is at a macro level that doesn't really give you insight into exactly what is going on on your farm. This macro level lumps all crops together so you cannot see which crops are profitable and which ones aren't.

How much do you want to make in Net Profit?

Richard asks: How can you achieve a financial goal if you don't have one? Writing down how much you want to make makes it real and first you have to decide you want to make money. (Refer to chart on slides 40-44). Creating a plan with gradual increases and stages makes achieving your goal more reasonable.

Beginning Marketing Chart (slides 45-46)

First you must determine your potential market. Richard suggests planning crop by crop how much you might sell to which customers week by week. He suggests creating one chart of all crops on farm to have a concrete simplified plan which you tweak every year. Some of the information to include is number of seeds, number of rows and type of irrigation.

Production Plan (slide 50)

Clear records also mean that you will know what you did in the previous year and what type of improvements and changes to make.

Map (slide 51)

This map includes where and when each crop will be planted plus any other notes. Richard checks his map every week and keeps it on the office wall. This map is a visual representation of the production plan.

Seedling Calendar (slide 53)

The seedling calendar is based on date that transplants will be going in the ground.

Analysis of Profits of Individual Crops

To track the profits on your farm you must track both sales and expenses. Sales are the money coming into the farm and expenses are the money leaving the farm. On Richard's farm he has several types of sales. These are invoices sales which are easy to track and calculate; sales from his CSA which come mainly in the form of cheques; and sales from the farmers' market and farm stand which are primarily in cash.

For CSA sales Richard writes down each week's share and calculates during the winter what each week's share was worth to quantify them. For the farmer's market and stand Richard tracks how much is picked and how much is left at the end of the market and subtracts to easily find his total sales. Then this information can be organized into a spreadsheet. (Example on slide 58).

Expenses include purchases by cheque, cash and bank card and labour expenses. To track these expenses per crop Richard keeps a crop journal with one page per greenhouse and one per crop. He tracks the time spent on each specific crop, as well as the date and activity. This results in a journal with everything that happens with each crop. If he has multiple seedings of one crop he has a separate page for each planting.

This way Richard can ensure that each crop is actually paying its own way. He also emphasizes that it is very important to use rates with 2-3 variables – e.g. pounds per bed foot, seeded 1/4 of beets and took 20 minutes, or how many pounds of spinach can I pick in an hour – as this creates averages and expectations. If you have many crops Richard suggests tracking at least the top 5 crops or the highest volume crops and to be aware of going overboard with your tracking. (Sample crop journal on slides 61-62).

Without a reference point you don't know how well you're doing. Richard calculated the cost of growing a lettuce plant on his farm and it took him three days to figure out but he used an extreme level of detail. To see type of calculation you can refer to his broccoli budget in *The Organic Grower's Business Handbook*. One important point is to disperse the overhead costs fairly between all crops. Richard discovered a dramatic difference between the profitability of broccoli versus kale when all costs are calculated and this came as a surprise.

Richard states simply if you want to make money farming the most important thing is to realize this fact.