

CULTIVATING HEALTHY COMMUNITIES

# Farm Business Management

UVM Farmer Training Program  
2018

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<http://blog.uvm.edu/farmvia>



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## Four Sessions

Session 1: Farm Business Introduction  
Session 2: Farm Finances

Acquisition, Succession and Transfer Plans  
Financial Analysis  
Water



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Quality- Conservation Business Analysis

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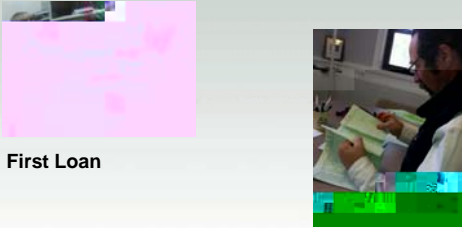
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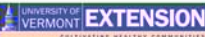


### Information Based Decision Making



**First Loan**

**Cost of production analysis**



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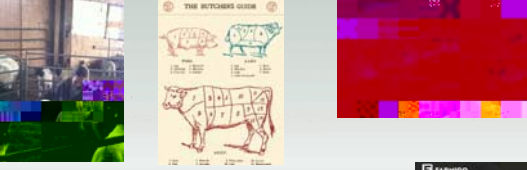
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### Production



**Technology**



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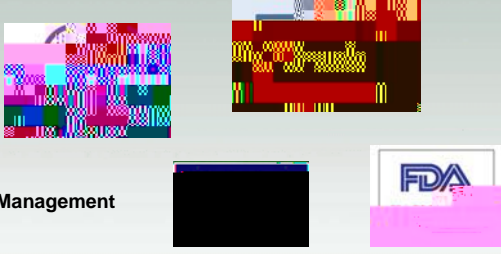
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### Management



**Required**



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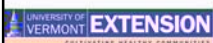
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## Beginning Farms (2005-2015)

- New farms more like to diversify
- Farms selling direct to customer, low barriers to entry
- New farmers work more off farm and less on farm



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## Beginning Farms: Now

"Intermediated Markets" generate stronger profits than direct marketing (eXtension)

Profitability increases significantly for businesses over \$75,000 in sales



eXtension:  
<https://localfoodeconomics.com/benchmark/>



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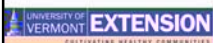
## Scale and Adaptation

Small farms in VT max out on direct markets and can't hit profitability. They begin to wholesale

"Post-Wholesale" Farms are moving back into direct marketing with the staffing to and efficiencies to produce at lower costs



Market Access  
Population  
Infrastructure - Region



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## Common Issues

- Capital Access (loans) or Owner Equity
- Land Acquisition
- Profitability and Cash Flow
- Labor Management
- Scaling and Growth Potential

## Profiles: John

- 24 years old
- Renting part of barn
- Growing dairy herd (seasonal milking)
- Skis in winter
- No computers



## Profiles: Jose

- Wants to feed community with nutritious food
- 1 acre market garden
- 30-40 crops
- Starts with farmers market



## Start Up Decisions

What we will cover:

1. What is your business and why?
2. "SMART" Goals

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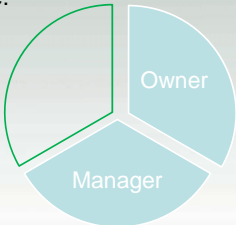
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Putting the team in place.

Are YOU “the team?”



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## Part 2: Start Up Checklist

Basic Business Overhead

Special Regulatory Items

The Right Resources (*more next week*)

The Dream (and the plan to go with it!)

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## Start Up

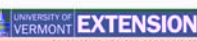
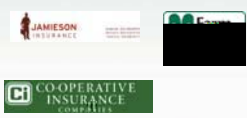
- A plan (production, markets, finances )
- Establish
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### Start Up

- Insurance
  - General farm policy
  - Product liability
  - Workers compensation
- Accounting and Finance
  - Open business account
  - Accounting system
  - IRS Taxes Schedule F (see Pub 225)



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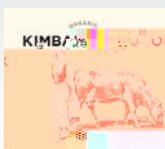
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### Start Up

- Job Descriptions
- Standard Operating Procedures / Articles of Incorp.
- Branding and Communications
- Production Schedules



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### Start Up

- Register with your state
  - Trade-name registration (Department of State)
  - Tax ID's (Department of Taxes)
  - Tax ID (US Internal Revenue Service)
- Get assistance from a professional if needed



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