MARKET GARDENING: A Participatory Primer Course

Part #2: Holistic Management

Robert A. Kluson
Agriculture/Natural Resources Agent II
UF/IFAS – Sarasota County Extension
Outline

• Review of Syllabus

• Startup Lessons for Market Gardeners

• Holistic Management
Market Gardening Course
Class Topics Sequence

• #1: Introduction
• #2: Holistic Management
• #3: Business and Marketing Plans
• #4: Crop Production Systems and Planning
• #5: Equipment and Tools; Post Harvest Handling
• #6: Food & Farm Safety and Regulations
• #7: Farmers’ Markets
• #8: Financial Resources & Management
Who Are Market Gardeners?

• Cool Job – Organic Farmer
  See the video: http://tampabay.jobing.com/video_details.asp?segment=13975&i=45884

• Tiny Urban Farm In The City Lives Green
  See the video: http://www.youtube.com/watch?v=ekVAmWxbnqE&feature=related

• Community Supported Agriculture
  See the video:  http://www.youtube.com/watch?v=DUBf_a3EtQU&feature=PlayList&p=E843349A0E7170E0&index=9

Do Their Stories And Motivations Sound Familiar To You?
So How Do You Become a Successful Market Gardener?
Review: Conventional Agriculture Training Approach (Agribusiness)

- Business Planning
- Market Planning
- Financing
- Legal Regulations
- Insurance and Liability
- Production Methods
  - Crops
  - Fruits
  - Livestock
Review: Lessons Learned in National Training for Small Farm Start-Ups

• Business Planning Courses
  – Few participants were able to complete a full business plan
  – Many preferred to submit a written “business concept” or idea
  – Many drawn to the course were really at the “pre-venture” stage
  – Many were just beginning to explore the idea of farming as a business
  – Many had successes at personal gardening/farming but had not decided to expand their hobby to a business

New England Small Farm Institute Explorer Program
http://www.smallfarm.org/main/for_new_farmers/
Review: New Directions in National Training for Small Farm Start-Ups

• Ask first the question “Is starting an agricultural business right for you”
• Provide guidance to help focus planning, learning and resource acquisition
• Offer information about local events and contacts for networking
• Recognize that many students will choose not to farm commercially
Our Textbook from New Training Programs for Small Farm Start-Ups

✔ Excellent resource
  – Allows you to explore the topics
  – Comprehensive in scope and applicability
  – Step by step approach
  – Provides case studies

✔ Based “Holistic Management” Principles

Building A Sustainable Business

A Guide To Developing A Business Plan For Farms and Rural Businesses
“A Sustainable Business Plan”
- Benefits -

• Make regular marketing, operational, human resource, & finance decisions
• To identify new market opportunities
• Pursue long-term personal, economic, environmental & community goals
• To communicate ideas to lenders, business partners and business stakeholders
But First, What Is . . . “Holistic Management”? 

• A simple decision making process for farmers to achieve:
  • Improved quality of life
  • Real wealth
  • Agriculture design according to principles of sustainability
    – Economics
    – Environment
    – Social

• A learnable skill
“Holistic Management” Small Farm Training Program Examples

• Holistic Management International

• Building a Sustainable Business Text

• Cultivating Success Course (WA and ID)

• Farm Beginnings Course (multiple states)

• UF/IFAS/FAMU Small Farms & Alternative Enterprise Program
‘Paradigm Shift’ Exercise

Directions: use four straight lines to connect all the dots below without lifting your pen or retracing over a line.
“Building A Sustainable Business”
- Tasks & Process -

1. Identifying stakeholder values
2. Assess your current situation
3. Vision, mission & goals
4. Strategic value & evaluation
5. Presenting, implementing & monitoring
Real Life Case Studies Used In Our Text

Mabel Brelje: Certified organic small grain, corn, and soybean grower located in Glencoe, Minnesota. Mabel began the planning process shortly after receiving organic certification in 1998. At that time, her planning needs were three-fold and revolved around human resources, operations and marketing issues. Her primary planning issues concerned: (1) chronic labor and equipment shortages; (2) lack of established, reliable markets; and (3) the need to find a buyer for the farm.

Mary Doerr, Dancing Winds Farm: On-farm goat cheese producer and bed and breakfast operator located in Kenyon, Minnesota. Mary had been operating her farm business for 14 years prior to developing her business plan as part of the MISA review process. At the time, Mary’s planning objectives included improving financial management, increasing the number of B&B guests, and developing an apprenticeship cheese-making program on the farm.

Frank Foltz, Northwind Nursery and Orchard: Edible landscape nursery stock grower and marketer located in Princeton, Minnesota. Frank had operated his family business for 17 years when he drafted a business plan to ready the catalogue portion of his business for sale to an outside buyer and to map out a long-term plan for on-farm nursery stock sales, tourism, and homesteading education.
Dave and Florence Minar, Cedar Summit Farm: Large-scale dairy graziers located in New Prague, Minnesota. They operated the farm together for 30 years before preparing a business plan in 1999-2001. The Minars’ primary planning objective was to evaluate on-farm milk processing as a strategy to reduce year-to-year income volatility and to create permanent work for several of their adult children. Dave and Florence shared their worksheets and business plan with MISA. You will see examples from their planning experience and their final business plan for the newly created Cedar Summit Creamery throughout this Guide.

Greg Reynolds, Riverbend Farm: Organic Community Supported Agriculture (CSA) vegetable grower and marketer located in Delano, Minnesota. Greg was in his fourth growing season when he sat down to write a business plan as part of the MISA review process. His critical planning issues were human resources and finance related. Greg struggled with seasonal labor and cash-flow constraints. Throughout the planning process, Greg considered two strategy alternatives: hiring labor and purchasing labor-saving equipment to address his seasonal shortages.
✓ Worksheets for tasks provided in text

✓ Success depends on their completion
Example Sustainable Business Plan

Business Plan
Cedar Summit Farm
25816 Drexel Ave.
New Prague, MN 56071
Owners-Dave and Florence Minar
October 2, 2000

Executive Summary
Cedar Summit Farm will build a milk processing plant as a natural extension of our dairy business. We are located just north of New Prague and within 25 miles of the Minneapolis-St. Paul area including the suburbs of Edina, Minnetonka, Eden Prairie, Burnsville and Apple Valley. By capturing more of the consumer dollar, we can afford to bring our farm-oriented children into the business. We feel that our grass-fed cows produce a superior product that has much value to the health conscious. We value producer to consumer relationships. The past few years that we have direct marketed our meat products have shown us that consumers value knowing where their food comes from. This past spring we sent out 450 brochures to past customers.
We will distribute our products from delivery trucks and a storefront with a drive-up window that will be part of our processing plant. Our distribution will be home delivery, drop off sites at churches, co-op food stores and restaurants that cater to locally produced food. The plant and store will be located near the intersection of Scott Co. roads 2 and 15. Within 5 years we plan to have all of the milk we produce sold as Cedar Summit dairy products. We plan to process 15% of our milk production the first year, and we will need to borrow about $xxx,xxx for buildings and equipment, and an additional $xxx,xxx for operating expenses. But our business will be profitable in the third year. All our milk will be processed at Cedar Summit Farm by the fifth year and we will turn a profit, after wages are paid, of $xxx,xxx.

We have children with many abilities and envision this business as a future for them and their families, and as a valued asset to our community.
Holistic Management
Short History

• Allan Savory = founder
  – Wildlife biologist in his native Zimbabwe 40 years ago
  – Successful farmer, game rancher, management consultant, and Parliament member
  – Analyzed “desertification” issue as a decision making problem
  – Developed a comprehensive framework for sustainable agriculture land management
“Holistic Management”
Agriculture Training

• What is the process?
  – A whole farm approach
  – Resources are manage as whole and separate units for decision making
    • Human resources
    • Production resources
    • Financial resources
  – Writing a holistic goal
Whole Farm Approach Example

Fig. 1. Pasture finished beef cattle farm system with essential supersystems and subsystems.
Holistic Management
“Mindmap Method”

• What is the Mindmap Method?
  – Technique for working with holistic processes
  – Promotes seeing connections beyond making a list of the parts

– Procedure
  • Start with an idea
  • Associate ideas in any direction
  • Add more association as you branch out
Mindmap Method Example

Resources of a Family Unit

A sample mindmap of a whole.

Our mindmap of a whole.
Mindmap Method Exercise

- Use this Template to map the resources and their connections necessary for the following food enterprises:

1) Fruit tree small farm (e.g., peaches and mango)
2) Greenhouse small farm of specialty salad greens
3) Cut flower small farm

- Complete this exercise with different stakeholders to optimize holistic thinking
“Holistic Management” Agriculture Training

- **What is the holistic goal?**
  - Centerpiece that drives all decision making
  - Values based
    - What are my motivations?
    - What do I want to achieve?
    - What do I want to leave for my grandchildren?
“Holistic Management”
Agriculture Training

• How is the holistic goal achieved?
  – Appropriate use of tools
    • Financial planning
    • Land planning
    • Biological planning
  – Monitoring of decisions
Table 1. Distinctions between holistic financial planning and cash flow planning.

<table>
<thead>
<tr>
<th>Holistic</th>
<th>Cash-flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>profit is the goal</td>
<td>production is the goal</td>
</tr>
<tr>
<td>profit is planned first</td>
<td>profit is what’s left over</td>
</tr>
<tr>
<td>expenses put into W I M categories</td>
<td>expenses put in overhead and variable costs</td>
</tr>
<tr>
<td>monthly monitoring to stay on track</td>
<td>annual monitoring?</td>
</tr>
</tbody>
</table>
"Holistic Management"
Financial Planning Example

<table>
<thead>
<tr>
<th>Cash-flow Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income:</td>
</tr>
<tr>
<td>Operating Expenses:</td>
</tr>
<tr>
<td>Administrative Expenses:</td>
</tr>
<tr>
<td>Capital Expenditures:</td>
</tr>
<tr>
<td>Cash flow:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Holistic Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income:</td>
</tr>
<tr>
<td>Debt Service:</td>
</tr>
<tr>
<td>$ Available for Operations:</td>
</tr>
<tr>
<td>Less 25% profit:</td>
</tr>
<tr>
<td>$ Available for Expenses:</td>
</tr>
<tr>
<td>Wealth generating expenses:</td>
</tr>
<tr>
<td>Inescapable expenses:</td>
</tr>
<tr>
<td>$ Available for Maintenance:</td>
</tr>
<tr>
<td>Maintenance expenses:</td>
</tr>
<tr>
<td>Excess maintenance expenses to be cut:</td>
</tr>
</tbody>
</table>

Figure 1. Comparison of budgeting process in holistic & conventional management
“Holistic Management”
Land & Biological Planning

• Work with ecological cycles as “tools”
  – Water hydrology
  – Nutrient recycling
  – Biodiversity
  – Energy flow

• Use biological/ecological tools to replace technological tools
“A Sustainable Business Plan”
- Values -

• Standards, beliefs or qualities that you consider worth upholding or pursuing

• Should be comprehensive
  – Personal
  – Economic
  – Environmental
  – Community

• Identification is critical of all stakeholders
Motivations as Values

- Economic Independence
- Sustainability Awareness
- Life Style Choice
- Spiritual Connection
- Health Consciousness
- Intellectual Stimulation
“A Sustainable Business Plan” - Values Example-

- Mary Doerr, Dancing Wind Farm
  - 5 adult children w/ spouses
- On-farm goat cheese and B&B operation
- 14 years operation before developing business plan
- Objectives
  - Improve financial management
  - Increase number of B&B guests
  - Develop apprenticeship in cheese-making

http://www.dancingwinds.com/about.html
“Dancing Wind Farm”
- Values Examples -

• Personal
  – good health (physical, emotional, spiritual)
  – Life long learning
  – Travel
  – Family relationships

• Economic
  – Living modestly
  – No debt load beyond mortgage

• Environmental
  – stewardship

• Community
  – Positive difference in community & local economy
  – Role model for women
“Dancing Wind Farm”
- Values Examples-

• Shared
  – Health, Christian values & open communication
  – Healthy dairy and meat products w/ sustainable agriculture
  – Environmental stewardship
  – Contributing members of community & economy
  – Esthetic beauty of farm animals on land
“A Sustainable Business Plan”
- Vision, Mission & Goals -

• Vision is the “dream”
  e.g., a Market Gardening occupation
  – Brainstorm & imagine the future
  – Include all stakeholders
  – Use different media representation
“A Sustainable Business Plan”
- Vision, Mission & Goals -

- Mission statement is the “reason why”
  – Statement of purpose
  – Provide an overview of the business direction to realize your vision
  – General and short in length
  – Consider that others will see it as a reflection of you
“A Sustainable Business Plan”
- Vision, Mission & Goals -

- Goals are the basis of business strategies
  – A critical first step
  – Defines the “what” & “who” of the vision
  – Come in all shapes & sizes
    - Personal
    - Family
    - Business
    - Community
    - Environmental
“A Sustainable Business Plan”
- Vision, Mission & Goals -

- Goals are the basis of business strategies
  – Identify goals with your stakeholders
  – Identify common goals
  – Prioritize goals
Assessment, Vision, Mission & Goals

Example

Dave/Florence Minar, Cedar Summit Farm

- 30 years operation before a business plan
- Objectives
  - Evaluate on-farm milk processing to reduce yearly income volatility
  - Create permanent work for several adult children

http://www.cedarsummit.com/
Assessment, Vision, Mission & Goals
Cedar Summit Farm Example

Values

- Our most important value is health. Healthy people, healthy animals and a healthy environment make all endeavors possible.
- Extol Christian values in our relationship with our family, customers and neighbors.
- Strive for open, trusting communication with family, employees and customers.
- Because our health is directly tied to the health of the environment, we strive to produce healthy dairy and meat products by utilizing sustainable methods in their production.
- We value preserving our forests and grasslands for future generations to enjoy.
- It is important to be a contributing member of the community both socially and economically; our community values the esthetic beauty of seeing farm animals on the land.
“A Sustainable Business Plan”
- Cedar Summit Farm Example-

• Vision Statement

  – Future looks bright with a diversified enterprise after 10 years by listening to our customers & adjusting product line.

  – Products (dairy & meat) are sold at our farm store, farmers markets, CSA, church, food co-ops, home delivery & restaurants w/in 25 mi radius

  – Expanded customer base require alliances w/ sustainable neighbor farmers & is due to adjacent residential development
“A Sustainable Business Plan”  
- Cedar Summit Farm Example-

• **Mission Statements**
  
  – **Internal**
  • Create a successful, fulfilling business that can support our children and ourselves financially while preserving the land and community around us.

  – **External**
  • Provide fresh, wholesome meat & dairy products to our growing community; to become the neighborhood farm
“A Sustainable Business Plan”
- Cedar Summit Farm Example-

• **Goal Statements**
  
  – Short term (1-5 years)
    • Process products on farm
    • Market wide range of high quality dairy/meat
    • Provide 3 full-time jobs
    • Generate profit in year 1 for all expenses
    • Support local community
  
  – Intermediate (5-10 years)
    • Reduce year-to-year income fluctuations
    • Reduce debt
“A Sustainable Business Plan”
- Cedar Summit Farm Example-

• **Goal Statements**
  – Long-term (10 years +)
    • Provide employment for any family member
    • Transfer farm to children
    • Begin retirement income
    • Create franchise enterprises w/ other farmers
“A Sustainable Business Plan”
- Cedar Summit Farm Example-

How was their holistic goal done?

- Use of Assessment Factors
  - Farm history
  - Current markets and sales
  - Operations situation
  - Human resources situation
  - Financial situation
  - Sources of risk
“A Sustainable Business Plan”
- Cedar Summit Farm Example-

✓ Use of a S.W.O.T. Analysis

– **Strengths**
  - Family members want farm work
  - Diversity of skills
  - Strong financial position
  - Location
  - Direct marketing experience

– **Weaknesses**
  - Retirement
“A Sustainable Business Plan”
- Cedar Summit Farm Example-

✓ S.W.O.T. Analysis (cont.)

- **Opportunities**
  - Urban development
  - Increasing product demand
  - Home delivery demand

- **Threats**
  - Volatile dairy market prices
  - Policy changes
  - Increased regulation
“Holistic Management In Practice”
Organic Vegetable Farm Example

- **Client**: Urban couple with organic farming dream
- **Situation**: Financial deficits after 2 years on 34 ac farm & unable to recoup initial investment
- **Solution**: Re-evaluated use of tools for holistic goal
  - Focused on marketing & pricing
  - Developed a CSA model
  - Diversified labor sources
- **Results**: 7 years of successful operations
“Holistic Management In Practice”
Farming Disability Example

- **Client**: Dairy farmer with large dairy operation
- **Situation**: His back went out last winter after a serious accident, and he has had major surgery to correct it. He is at a crossroads with his farming career. No longer able, or willing, to work long hours in the field on a tractor and under cows in the parlor.
“Holistic Management In Practice”
Farming Disability Example

• **Solution:** Re-evaluated use of tools for holistic goal
  – Develop new farming operation of pastured poultry & seasonal, small herd dairy
  – Participate in the Farm Service Agency (FSA) “Debt for Nature” program to payoff farm mortgage & equipment debt

• **Results:** he can stay in the dairy business at a reasonable level of profitability, less effort, more time and less stress in his life than if he maintained the current herd size.
Holistic Management

• An approach for achieving sustainable agriculture, serving the needs of the whole person, and healing the earth.

See the video:
http://www.youtube.com/watch?v=FyMg8mMPRY4&feature=related
Market Gardening
Reference and Online Resources

- Cultivating Success
  http://cultivatingsuccess.ag.uidaho.edu/
- Farm Beginnings
  http://www.landstewardshipproject.org/farmbeg.html
- Holistic Management, ATTRA
- Holistic Management International
  http://www.holisticmanagement.org/index.html
- Teaching With Holistic Management Decision Cases
  http://www.holisticmanagement.org/n7/Info_07/in27_decision_case.html
- The New England Small Farm Institute Explorer Program
  http://www.smallfarm.org/explorer/
- Whole Farm Planning with Holistic Management
  http://www.umass.edu/umext/jgerber/hmpage/hmpage2/mainpage6.htm
Online Reading Assignments

• Tasks Four and Five In “Building a Sustainable Business”, pp. 103-246.