

Urban Growers'  
Collaborative  
Workshop

---

# **The Fundamentals of Farm Business Planning for Urban Farmers**

---

November 30, 2017  
City Heights  
San Diego



UC San Diego | Center for  
SCHOOL OF MEDICINE | Community Health







---

# WORKSHOP AGENDA

---

Introductions

Why do I need a plan?

Navigating planning in a  
non profit and for profit  
farming environment

Components of financial  
statements

How to read financial  
statements

Thinking like a business

Q&A (30 minutes)





---

*Sharing our operating numbers and challenges makes us all vulnerable, but sets a foundation for 2 things: improvement and collaboration.*

---



A circular image showing a close-up of several green cucumbers. The cucumbers are fresh, with some showing small yellow flowers at the stem. The image is semi-transparent, allowing the text to be visible over it.

Size of Farm

What you Grow  
(top crops and methods)

Biggest Business  
Challenge

1 Strength, 1 Weakness

---

## INTRODUCTIONS

---

Tell us briefly about your  
farm operation in 2  
minutes or less





## **WHY DO I NEED A PLAN?**

By failing to prepare, you are  
preparing to fail.

Ben Franklin





## **WHY DO I NEED A PLAN?**

- Set a path to achieving goals, reducing pain
- Raise funds or line of credit
- Organizational alignment
- Work backwards to identify the metrics & benchmarks that meet your goals
- Hold yourself accountable



---

## **STANDARD ELEMENTS OF A BUSINESS PLAN**

---

What are the parts of a farm business plan?

- Executive Summary
- Business Overview & Value Proposition
- Market Opportunity & Competitive Analysis
- Management & Organization
- Operations Plan
- Marketing & Sales Strategy
- Financial Management & Projected Financial Statements





---

*A value proposition is a positioning statement that explains what benefit you provide for who and how you do it uniquely well. It points to the problem you solve, and why you're distinctly better than the alternatives.*

---







## Value Proposition Example

---

***Thrive Market is a membership community that uses the power of direct buying to deliver the world's best healthy food and natural products to our members at wholesale prices, and to sponsor free memberships for low-income American families.***

---



---

## **HOW IS THIS DIFFERENT IN A NONPROFIT VS. A FOR PROFIT ORGANIZAION?**

---

What are the parts of a nonprofit farm business plan?

- Executive Summary
- Organization Overview & Value Proposition
- Market Need & Competitive Analysis
- Management & Organization
- Programs & Services Implementation
- Fundraising Strategy
- Financial Management & Projected Financial Statements





## **The 3 Pillars of Business**

**Marketing**

**Operations**

**Finance**

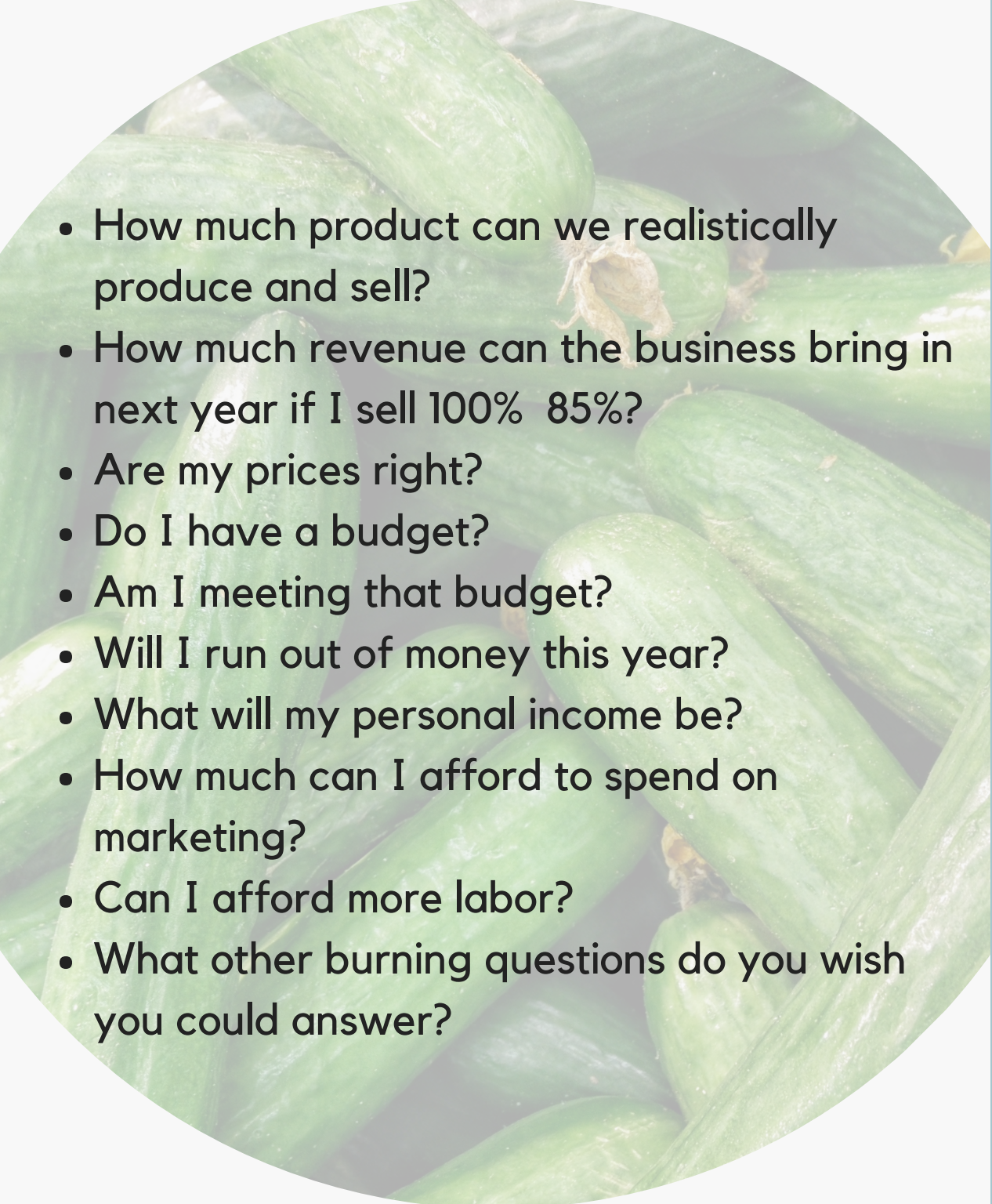
---

## **WHERE DO I START?**

---

Writing Exercise:

Set a 1-3-5 year goal  
for each pillar  
of your business  
or nonprofit.

- 
- How much product can we realistically produce and sell?
  - How much revenue can the business bring in next year if I sell 100% 85%?
  - Are my prices right?
  - Do I have a budget?
  - Am I meeting that budget?
  - Will I run out of money this year?
  - What will my personal income be?
  - How much can I afford to spend on marketing?
  - Can I afford more labor?
  - What other burning questions do you wish you could answer?

---

## **WHY SHOULD I COLLECT DATA?**

---

Do you know HOW you  
make a profit?

Not IF...but HOW?





---

***A business owner needs to know how to do 2 things: use Excel and plunge a toilet.***

---

Ted LeBow, Kitchen Table Consultants Co-Founder







### Create a monthly stats report / spreadsheet

- Harvest quantities by crop
- Quantities sold by crop
- Unsold quantities by crop
- Sales (\$) by channel: wholesale, farmers markets, on site market, etc
- Top 3 customers, sales \$
- Balance in checking account and cash (\$)
- Balance in loans (\$)
- Balance on Credit card (\$)
- Accounts Receivable (\$)
- Accounts Payable (\$)
- Expenses by category

\*compare month to month and  
against your plan

---

## WHAT CAN I START DOING NOW?

---

If you don't have an accounting system yet, and need to learn to create financial statements on your own for the future, what can you do now that is of value and informs your business?





### Create a log for expenses / spreadsheet

- Costs of Goods Sold (1:1) like seeds, packaging, rubber bands for bunching, fertilizer, soil amendments, hydro nutrients
- Labor / wages and labor related expenses like taxes and workers comp insurance
- Overhead like utilities, insurance, rent, vehicle payment
- Operating Expenses like supplies and fuel
- Administrative Expenses like office supplies, computer repair, printing and advertising
- One Time Expenses like equipment purchases

\*tally monthly and add to your monthly stats report

---

## WHAT CAN I START DOING NOW?

---

If you don't have an accounting system yet, and need to learn to create financial statements on your own for the future, what can you do now that is of value and informs your business?



A circular image showing a close-up of several green cucumbers. The cucumbers are fresh, with some showing small yellow flowers at the stem. The image is semi-transparent, allowing the text to be visible over it.

Profit & Loss  
aka Income Statement

Balance Sheet

Statement of Cash Flows

---

## **TYPES OF FINANCIAL STATEMENTS**

---



Income

-Costs of Goods Sold

=Gross Profit /Margin

-Expenses (by category

=Net Profit


---

## COMPONENTS OF FINANCIAL STATEMENTS

---

Profit & Loss:  
Shows net income for a  
specific period of time





Assets (value of what we own)  
=  
Liabilities (what we owe)  
+  
Equity (paid in capital, retained earnings)

---

## COMPONENTS OF FINANCIAL STATEMENTS

---

Balance Sheet:  
Shows the company's  
financial position at any  
given time.



Net Income

+/-Adjustments, operating activities

+/-Adjustments, financing activities

+/-Adjustments, investing activities

= net cash change

---

## COMPONENTS OF FINANCIAL STATEMENTS

---

Statement of Cash Flows:

Shows changes in the  
company's cash position  
from the beginning to end  
of a time period.

Next step after Income  
Statement.



---

# **FINANCIAL ANALYSIS 101**

---

What am I looking for on my Profit and Loss?

- Trends
- Actual vs. Budget
- Changes over time
- Ratios

---

# FINANCIAL ANALYSIS 101

---

What am I looking for on  
my Balance Sheet?

Changes in...

- Cash
- Value of assets
- Amount of money I owe
- Capitalized expenditures
- Value of equity



---

# **FINANCIAL ANALYSIS 101**

---

What am I looking for on  
my Statement of Cash Flows?

- Monthly cash in and cash out
- Red Flags
- Do I need a loan or line of credit...before it's too late?



Let's look at a real example  
from a real vegetable farm

---

## **SAMPLE FINANCIAL STATEMENTS**

---





---

***Transformation is hard.  
You have to make time to work ON your  
business, and not just IN your business,  
every week to make real change.***

---







## **THINKING LIKE A BUSINESS**

### Weekly Activities:

Recording information for your metrics report

Check in with a weekly sales goal

Ask yourself if purchases are in your budget plan

Schedule labor to a budget





## **THINKING LIKE A BUSINESS**

### Monthly Activities:

Compile a metrics report or financial statement  
Benchmark your metrics against your budget  
Make course corrections based on your numbers  
Check in w/ short and long term goals and plan  
Set or re-set monthly goals





## THINKING LIKE A BUSINESS

### Annual Activities:

Review quarterly metrics or reports, YTD

Review metrics vs. last year

Benchmark your metrics against your budget

Set annual goals, corresponding marketing and ops plans

Plan a budget for the next year.





Q&A Session

---

**THANK YOU!**

---



[www.kitchentableconsultants.com](http://www.kitchentableconsultants.com)

Rebecca Frimmer - 703-593-5420

[Rebecca@kitchentableconsultants.com](mailto:Rebecca@kitchentableconsultants.com)